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National Home Center News®

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The *NHCN* Top 10 for 1985

Chain	Total Sales (mil. $)	% Change 84-85	% Change 83-84
1. Lowe's	$2,072	+23	+18
2. W. R. Grace	1,394	+ 6	+17
3. Payless Cashways	1,390	+18	+17
4. Wickes Cos.	1,152	+ 9	+20
5. Evans Products	980	− 8	+17
6. The Home Depot	701	+62	+69
7. 84 Lumber	652	−13	+19
8. Sutherland	578	+10	+23
9. Hechinger	479	+18	+31
10. Scotty's	473	+ 8	+10
TOTAL TOP 10	9,871	+11	+20

Source: NHCN Top 150—Total Sales NHCN chart

Revenues grew 11% for the top 10 home center chains in 1985, reflecting a slowdown from the 20% increase of the previous year.

Top 10 chains in industry post 11% sales gain in '85

By an NHCN staff editor

NATIONAL REPORT — For the home center industry's major players, 1985 was tougher than the previous year. Revenues of $9.9 billion posted by the top 10 chains represented gains of only 11%, a considerable drop from their collective 20% increase in 1984.

That's one of the key findings from the *NHCN* annual survey of the home center industry, which this year has been expanded from 100 to 150 firms. Results begin on page 21 of this issue.

The survey also showed that:

- **Of the top 10 players, only Lowe's and Payless Cashways were able to post revenue gains at rates higher**

(Continued on page 106)

Wickes buys 9-unit Kindt; ups National Gypsum bid

By Gary S. Ruderman
NHCN staff editor

CHICAGO — Wickes Lumber has purchased nine-store Kindt Corporation of Lomira, Wis., and is expected to soon change the name to Wickes.

Exactly two years after The Edward Hines Lumber Company of Chicago bought the then seven-unit Kindt Home Improvement chain for a reported $8 million in 1984, Hines sold the Wisconsin chain to Wickes Lumber, Vernon Hills, Ill., for an undisclosed cash sum.

The Kindt chain grew to nine stores after it acquired two Schuette Building Centers in Wausau and Minocqua, Wis., in 1984.

Separately, on April 19, Wickes raised its offer for the outstanding shares of National Gypsum to $64 per share. The offer's success is contingent on the failure of the management of National Gypsum to line up $1.6 billion for their proposed LBO.

Formerly, on April 8, Wickes had made a $54 per share tender offer for the 22.75 million outstanding shares of National Gypsum.

A successful acquisition of National Gypsum, with 1985 profits of $87.6 million on sales of $1.3 billion, would transform Wickes into a major building products company.

National Gypsum's three core businesses are Gold Bond

(Continued on page 99)

Evans rejects compromise plan for Chapter 11 reorganization

Posner aims to protect interests

By John Caulfield
NHCN staff editor

MIAMI — The merry-go-round that is the Evans Products bankruptcy continues to spin, as Evans' board of directors rejected a compromise proposal for a consensual plan of reorganization that would have remunerated the company's shareholders, and quite possibly accelerated the company's emergence from Chapter 11.

Meeting for one of the few times since Evans was taken over by its chairman, Victor Posner, the company's board voted against accepting the compromise on April 21.

"After carefully reviewing the proposal, the board concluded that what the banks are offering is still inadequate for the company, the trade and its shareholders," explained Jack Coppersmith, acting president of Evans Retail. He said that it was Evans' intention to press forward its own plan for reorganization.

However, another Evans insider, who asked not to be named, said that he was "as surprised as anyone" by the board's decision.

A number of sources who have been involved in this

(Continued on page 106)

Remodelers optimistic on outlook for '86

By Laura Liebeck
NHCN staff editor

ORLANDO — Professional remodelers throughout the country are excited about 1986. Business promises to be very good, even excellent, some say.

This was the sentiment expressed during last month's 44th Annual Convention of the National Association of the Remodeling Industry (NARI) held here at the city's Orange County Convention/Civic Center April 3 to 5.

In fact, forecasts that the

(Continued on page 106)

Although Pergament's newest store marks the end of 40,000-sq.-ft. units for the chain, it showcases several new merchandising ideas that will be integrated into units that will be 70,000 sq. ft. or larger. NHCN photo

Pergament paves way for larger units

By Elizabeth Brent
NHCN staff editor

MELVILLE, N.Y. — The unveiling of Pergament's 44th store in Riverhead, N.Y., on eastern Long Island, April 9 marked the end of an era.

Pergament officials indicated that the 40,000-sq.-ft. warehouse store would be the last of the line, and in future the company would be opening units of 70,000 sq. ft. or larger. Yet Riverhead also showcased new merchandising ideas to be used in future stores.

The company plans to open at least five 70,000-sq.-ft. units in 1986, according to Harvey Ellner, vp/mgr, real estate and energy. All stores will be built as part of retail malls on sites owned by Pergament.

The first prototype will open in Peekskill, N.Y.,

(Continued on page 106)

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Top 100 Total Sales 1981-1985
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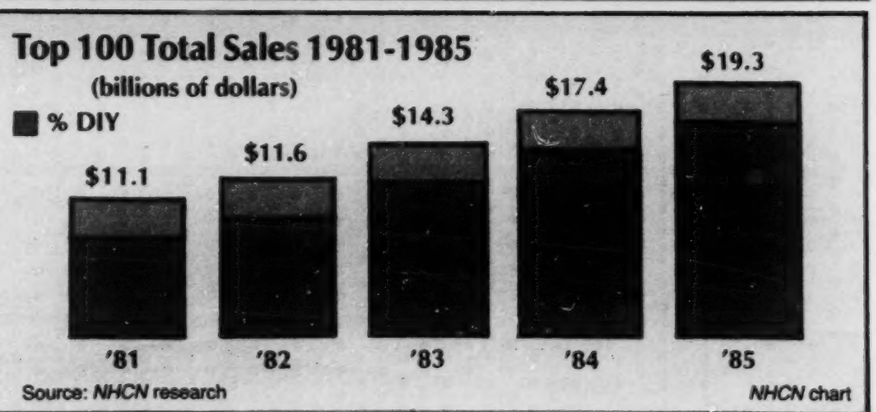


Source: *NHCN* research *NHCN* chart

Newsbreaks

B&D OFFICIAL KILLED: Kenneth Marston, 43, general manager of Black & Decker, France, was fatally shot by an unidentified assailant outside his home in Lyon at around 7:45 A.M. on April 25. No motive was given for the shooting, though unconfirmed reports quote "a small Arab group" as claiming responsibility.

COONEY ANNOUNCES RETIREMENT: Ray Cooney, 63, will retire as vice chairman of Scotty's effective July 3. He has been with the 125-unit chain for 18 years, and is expected to retain his board seat.

Industry Update

Grossman's opens expanded unit

DE WITT, N. Y. — Grossman's held a grand opening April 13 for its first expanded store since its parent company Evans Products entered Chapter 11 proceedings last year. Its unit in De Witt, a suburb south east of Syracuse, N.Y., was roughly doubled in size to 32,000 square feet. New seasonal and decorative departmnets were also added.

Riggs opens Jonesboro, Ark., unit

KENNETT, Mo. — Riggs Supply, headquartered here, is in an expansion mode. The seven-unit home improvement retailer recently opened a unit in Jonesboro, Ark., home of Arkansas State University, and is currently evaluating the merits of three other sites, in Western Tennessee and in Arkansas, according to Dolph Riggs, secretary and treasurer.

The newest Riggs site is located 70 miles south of Kennett in a 30,000-sq.-ft. building formerly occupied by Wickes. It was vacant for three years before the Kennett, Mo.-based retailer acquired it, Riggs said.

Because the store is smaller than most Riggs units, it will be expanded. In fact, Riggs said the site will be expanded to about 50,000 sq. ft. within the next year or so to be comparable with the company's other units.

Lowe's files for new offering

NORTH WILKESBORO, N.C. — Lowe's, the $2.1 billion home center chain, filed a registration statement with the SEC on April 11 for the proposed offering of 2,000,000 shares of its common stock. The company said that the proceeds from the stock will be used to finance the cost of land, buildings and equipment for new and existing stores and to fund working capital requirements.

The stock offering clearly comes at a good time for the chain of 288 retail stores. Lowe's stock recently hit an all-time high of 41-3/8, and has been trading near that level for the past several weeks. If the stock is offered at its recently-traded price of $38, Lowe's will be able to add $76 million to its stockholders' equity.

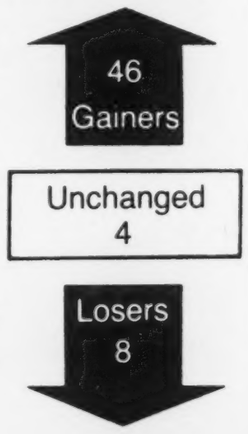
Most recently, Lowe's reported that its net earnings for 1984 had declined by 3%, to $59.7 million. (*NHCN*, March 24).

Industry stocks pick up steam

NEW YORK — Home center industry stocks picked up steam again during the two-week period ended April 18, as gainers outpaced losers, 46 to 8.

Home Depot led the retail stocks with a 22.2% price gain to close the period at $17.88. Payless Cashways was up 13.6% to $26.13. Wickes Cos. had the same percentage price gain as Payless, closing April 18th at $6.25.

National Hardgoods was down 8.5% to $6.75. Its price was probably affected by the prospect of negative fourth quarter earnings due to a substantial write-off as the company closed leased departments to concentrate on its hardware units.



See financial tables, page 104

If you spot home center industry news, call the *NHCN* NEWS HOTLINE:

1-800-NHC-NEWS

(1-800-642-6397)

Available throughout the U.S., except New York State and Alaska: 212-371-9400, 9-5:30 (E.S.T.).

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Vol. 12, No. 10 May 5, 1986

HomeClub's Shanklin resigns post as cfo of warehouse chain

By Brad Altman
NHCN staff editor

FULLERTON, Calif. — A Zayre Corp. finance executive has joined HomeClub and John M. Shanklin, executive vp and chief financial officer of the warehouse chain, is resigning effective May 3, company officials said.

Murray Wachtenheim, 38, has been named to the newly created post of senior vp-finance & information systems at 18-unit HomeClub. He most recently was senior vp at the Zayre-owned, 428-unit Hit or Miss off-price apparel chain.

A company official said Wachtenheim will handle the duties formerly assigned to Rudolph L. Hirsch, 57, who was executive vp, chief administrative officer and secretary until his death this past March.

Shanklin, 45, joined HomeClub in October 1983, two weeks before the company opened its first warehouses, in Norwalk and Fountain Valley, Calif.

Zayre Corp., Framingham, Mass., bought HomeClub in a merger completed this past January.

Shanklin said that he will not severe all ties with HomeClub and that he will be "on contract in a consulting capacity." He said he decided to quit his post in part because he did not want to work for a division of a larger company.

Shanklin, whose stock ownership in HomeClub was worth about $2.5 million following the Zayre buyout, said he had "no other plans at this time."

Before joining HomeClub, Shanklin was cfo and treasurer of C.R. Anthony Co., an Oklahoma-based general merchandiser. He also was senior vp and controller of FedMart, the San Diego-based discount chain, from 1975 to 1982.

Hirsch, who had full administrative and financial responsibilities including personnel development and systems, legal, banking and treasury functions, died of a heart attack at his Phoenix home.

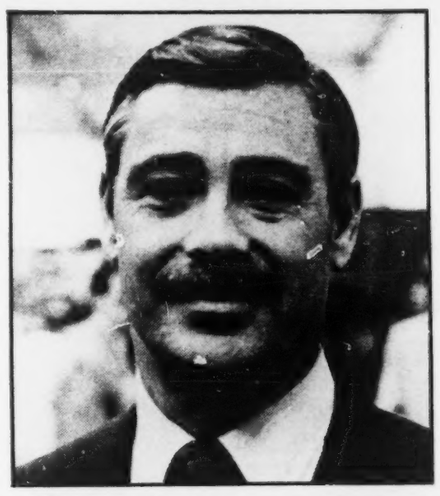
Buyers on the floor of K&B show search out new high-fashion items

By an NHCN staff editor

PHILADELPHIA — For home center buyers pushing their way through the aisles of the National Kitchen and Bath Show in this city's convention center April 6 to 9, the question of the day was clear: How can building materials retailers satisfy consumer demands for more elegant kitchen and bath merchandise, without taking on specialty store-type lines that are so high fashion they don't move out of the store?

The question is even more critical today than it was a year ago, because more competing home centers have remodeled their kitchen and bath departments to pursue a consumer anxious to remodel those rooms.

Indeed, if anyone expected that the American consumer's mad desire to remodel kitchen and bath would begin to level off after the big boom last year, visiting the latest NKBA show laid such thoughts to rest. In many instances it was difficult to pass through the aisles at the show, and in some cases it was nearly impossible to enter the booths of kitchen cabinet vendors.



William Plotkin, president of Fairfield Lumber & Supply, Mass., has seen a strong trend toward higher-priced designs in the kitchen and bath category. NHCN photo

The final attendance numbers from the KKBA tell the tale. A total of 28,473 people attended this year's show, up by 42% over the attendance level of the previous year.

"I'm looking for the expensive look at a moderate price," said Michael Salamon, bath buyer for Pergament, the $200 million chain of home centers based in Melville, N.Y. "We're upgrading our kitchen and bath departments, in terms of the quality and the numbers of lines we carry."

As an example of the practical results achievebale from the showroom upgrading, Salamon noted that a customer may see a $40 bathroom cabinet, but will also see a more expensive, better looking variety displayed nearby. "He says to himself, 'maybe I'll spend $79.99 and get the cabinet of my dreams,'" noted Salamon.

Salamon's comments were typical of other home center operators at the show. William Plotkin, president of Fairfield Lumber & Supply, in Fairfield, Mass., noted that while traditional stylings made up close to 70% of the offerings in his stores, he was seeing a continuation of the trend toward higher priced designs. He was attending the show to spot new items prior to the opening of his company's second showroom in the Fairfield market this July.

(Continued on page 106)

Supply One breaks ground for fall opening of new build-to-suit outlet

By an NHCN staff editor

PORTLAND, Ore. — Supply One, a two-year-old warehouse home center chain with units in Reno and Sparks, Nev., has broken ground near here for a 100,000-sq.-ft. build-to-suit outlet scheduled to open this fall, company officials said.

Jay Steiner, Supply One's president and founder, said the new unit, located on Tualtin Valley Highway about four miles east of Hillsboro, a Portland suburb, will contain 26,000 sku's. The seven-acre site is situated in a new industrial park and will have an outside lumberyard.

In a related development, Supply One has named Tony Orlandini district manager. Orlandini formerly was manager of Lumbermen's store in Clackamas, Ore.

Supply One, headquartered in the Sacramento suburb of Rancho Cordova, Calif., opened its first two northern Nevada units—each approximately 30,000-sq.-ft.—in August 1984. The company is owned by the Steiner & Levi family partnership, which sold its highly successful seven-unit Lumberjack home center chain to Kansas City-based Payless Cashways in 1983.

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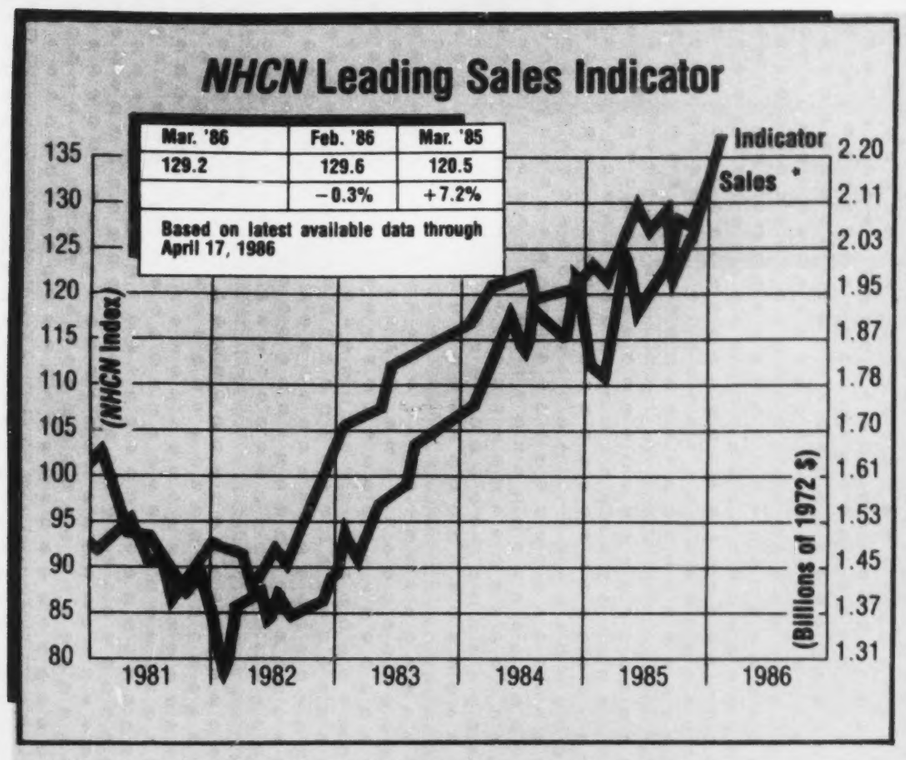
BUSINESS WATCH



*—Monthly retail trade building materials and supplies in 1972$.

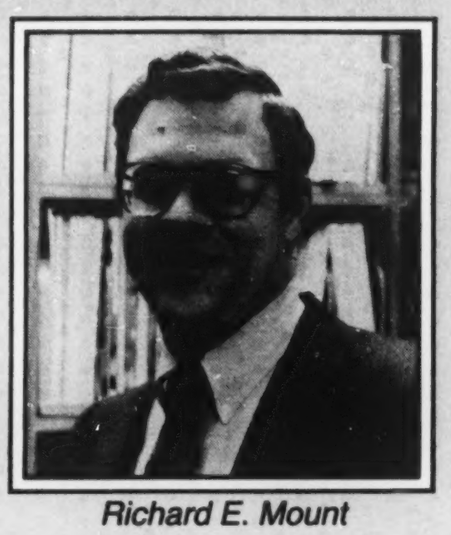
Indicator—Represents projected level of retail trade building supply activity four to six months out from current months. Data based on real personal income, housing starts, resales, prime rates and other data.

South Atlantic states to post 8% gain in building material sales for 1986

By Richard E. Mount
Special to NHCN

Building materials sales in the South Atlantic states will rise 8% this year, 6% after adjusting for inflation. North Carolina and Maryland will show the largest percentage gains, and all states in the region will advance.

In 1985, the real volume of building material sales in the region rose 7% while the nation increased 5%. The strength in the South Atlantic economy came from tourism, defense spending, light manufacturing and high technology. On the negative side, coal mining and textiles were weak. The region extends from Delaware to Florida and the diveristy of industry state-to-state is significant.


Richard E. Mount

For 1986, the gain in regional sales will be 8% while the nation increases 10%. The manufacturing sector will see output rise from stronger capital and defense spending. Rising consumer incomes will raise the demand for durable goods. The decline in the dollar will increase the price-competitiveness of the U.S. agricultural products, manufactured goods and coal production in domestic and foreign markets.

High-technology research and production will remain strong. On the negative side, the business recovery in major states has matured and future gains will not be as strong.

Strongest growth states

South Atlantic building material sales, in 1986, will rise fastest in North Carolina,

(Continued on page 5)

Home Center Industry Regional Outlook

		1985 1Q	1985 2Q	1985 3Q	1985 4Q	1986 1Q^p	1986 2Q^p	1986 3Q^p	1986 4Q^p	1984	1985	1986^p
NHCN Leading Sales Indicator (January 1980 = 100)		120.2	124.3	125.2	123.5	128.8	130.1	129.7	129.4	117.8	123.3	129.5
Building Material Retail Sales												
Current	Total U.S. ($ millions) SAAR	50,976	53,512	53,736	56,976	57,069	58,330	59,296	60,217	49,774	53,534	58,728
	New England	2,536	2,902	3,238	3,477	3,595	3,651	3,694	3,709	2,743	3,038	3,663
	Middle Atlantic	6,241	7,119	7,408	8,306	7,950	8,160	8,230	8,334	6,373	7,269	8,169
	East North Central	7,296	8,575	8,603	9,048	9,051	9,239	9,422	9,617	7,935	8,381	9,332
	West North Central	3,286	3,860	3,841	4,000	4,006	4,066	4,121	4,161	3,720	3,747	4,088
	South Atlantic	11,203	11,139	10,868	11,837	11,756	12,092	12,322	12,549	10,234	11,262	12,180
	East South Central	2,706	2,912	3,056	3,182	3,293	3,412	3,504	3,607	2,723	2,964	3,454
	West South Central	6,257	6,240	5,822	6,041	5,753	5,833	5,870	5,853	6,089	6,090	5,827
	Mountain	2,705	2,606	2,620	2,763	2,751	2,829	2,900	2,957	2,617	2,674	2,859
	Pacific	8,746	8,158	8,281	8,322	8,914	9,047	9,232	9,430	7,340	8,377	9,156
Constant	Total U.S. (1972 $ millions) SAAR	22,508	23,705	23,907	25,279	25,070	25,370	25,535	25,675	22,623	23,651	25,413
	New England	1,120	1,286	1,441	1,543	1,579	1,588	1,591	1,582	1,247	1,347	1,585
	Middle Atlantic	2,756	3,154	3,296	3,685	3,492	3,549	3,544	3,553	2,896	3,223	3,535
	East North Central	3,221	3,799	3,827	4,014	3,976	4,019	4,058	4,100	3,606	3,715	4,038
	West North Central	1,451	1,710	1,709	1,775	1,760	1,768	1,775	1,774	1,691	1,661	1,769
	South Atlantic	4,947	4,934	4,835	5,252	5,164	5,259	5,306	5,351	4,652	4,992	5,270
	East South Central	1,195	1,290	1,360	1,412	1,447	1,484	1,509	1,538	1,238	1,314	1,494
	West South Central	2,763	2,764	2,590	2,680	2,527	2,537	2,528	2,496	2,769	2,699	2,522
	Mountain	1,194	1,154	1,166	1,226	1,208	1,230	1,249	1,261	1,189	1,185	1,237
	Pacific	3,862	3,614	3,684	3,692	3,916	3,935	3,976	4,021	3,336	3,713	3,962
Per Cent of U.S. Total												
Current	Total U.S. ($ millions) SAAR	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	New England	4.97	5.42	6.03	6.21	6.30	6.26	6.23	6.16	5.51	5.70	6.24
	Middle Atlantic	12.24	13.30	13.79	13.86	13.93	13.99	13.88	13.84	12.80	13.63	13.91
	East North Central	14.31	16.02	16.01	15.88	15.86	15.84	15.89	15.97	15.94	15.71	15.89
	West North Central	6.45	7.21	7.15	7.08	7.02	6.97	6.95	6.91	7.47	7.02	6.96
	South Atlantic	21.98	20.82	20.22	20.43	20.60	20.73	20.78	20.84	20.56	21.11	20.74
	East South Central	5.31	5.44	5.69	5.77	5.77	5.85	5.91	5.99	5.47	5.56	5.88
	West South Central	12.27	11.66	10.83	10.54	10.08	10.00	9.90	9.72	12.24	11.41	9.92
	Mountain	5.31	4.87	4.88	4.83	4.82	4.85	4.89	4.91	5.26	5.01	4.87
	Pacific	17.16	15.25	15.41	15.40	15.62	15.51	15.57	15.66	14.75	15.70	15.59
Industrial Production												
Index (1977 = 100)	Brick	86.6	87.5	91.3	88.7	91.7	92.6	92.4	91.8	83.1	88.5	92.1
	Cement	105.9	110.0	106.5	99.8	103.7	106.9	106.4	106.1	102.1	105.7	105.8
	Gypsum Mallboard	116.0	127.7	129.6	132.4	132.8	133.7	130.8	127.8	119.2	126.4	131.3
	Hardware	102.2	102.7	99.2	99.4	102.6	103.6	104.6	105.3	100.6	100.9	104.0
	Lumber Products	118.1	121.8	126.1	125.7	127.3	128.2	126.9	125.8	119.0	122.9	127.1
	Paint	102.5	106.0	98.2	100.2	103.2	104.7	105.9	107.1	102.6	101.9	105.2
	Plywood	130.7	137.1	144.3	142.9	145.2	145.2	144.8	141.1	129.5	138.7	144.1

Data: Department of Commerce
Bureau of Labor Statistics
National Association of Realtors
Department of Housing and Urban Development
April 17, 1986

The Home Center Industry Outlook runs in two parts, in alternate issues. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material & supply store sales; and industrial production. The *NHCN* Leading Indicator runs every issue.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart
Source: Merrill Lynch Economics for *NHCN*

BUSINESS WATCH

North Carolina & Maryland shine in '86 sales forecast for South Atlantic region

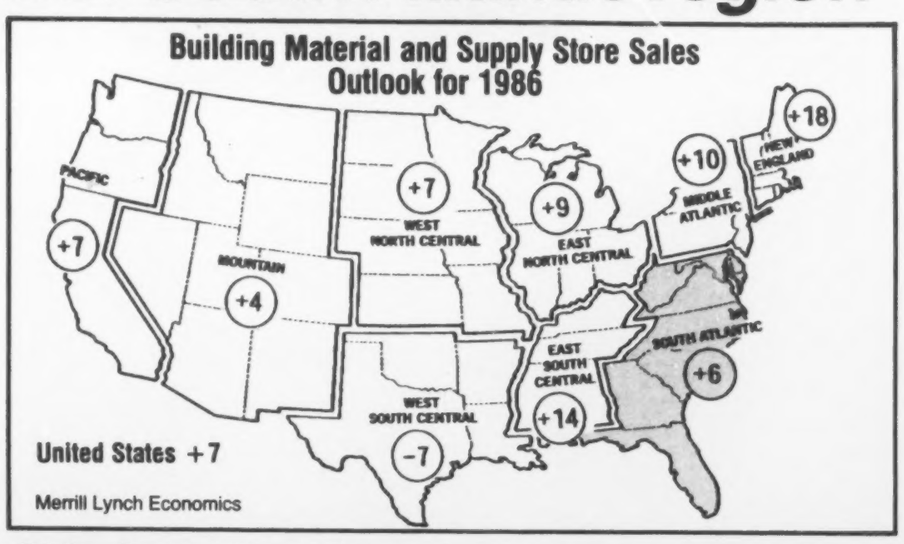
(Continued from page 4)

Maryland and Delaware. These states had strong gains in housing starts, resales and employment during 1985.

North Carolina's building material sales will increase 9% in real volume. The state has a growing high-technology sector and a historic concentration in furniture. The rise in national income and strength in housing this year will increase furniture demand.

Maryland's building material sales will gain 8% in unit volume. The state contiues to enjoy the population spillover from Washington, D.C., a growing high-technology and communications region, capital goods manufacturing, and poultry farming. In 1985 resales rose 21%, starts 11% and employment 3.5%. The economic recovery in Maryland began in 1985 and it is undergoing the surge in output that occurs at the start of an expansion.

Building material sales in Delaware, during 1986, will advance 7% after adjustmnet for inflation. The states has large sectors of white-collar employment, chemical production and poultry. In 1985 reslaes rose 23%, starts 7% and employment 2.9%



Of the South Atlantic states, North Carolina and Maryland will this year show the largest percentage gains in building materials sales, but all states in the region will advance. West Virginia will show the weakest improvement.

Moderate Growth States

Building material sales in Virginia, Florida and Georgia will rise 7% to 9% in dollar volume this year, 5% to 7% in unit terms. These states have large and diverse economies, and they have passed the burst of activity that accompanies this early stage of an economic expansion.

Virginia's building material sales will increase 6% to 7% in real volume this year. It has large government, tourist and light manufacturing sectors. In 1985, resales and starts rose 9%, and employment increased 4.4%. The jump in employment makes the outlook for additions and major repairs in Virginia more favorable than in Florida or Georgia.

Building matreial sales in Florida, after adjustment for inflation, will rise 6% in 1986. The state has a large tourist and agricultural base, and growing defense, computer and communications sectors. Last year resales rose 10%, starts were unchanged and employment increased 4.4%. The overbuilding in the southern part of the state still exists and limits the outlook for building material sales.

Georgia's building material sales will increase 5% in unit volume this year. The traditional cotton and textile industries have been hurt by imports but the declining will make the state more competitive in 1986. The finance sector continues to grow. In 1985, resales were up 8%, starts 7% and employment 3.3%

Slow Growth States

South Carolina and West Virginia will be the slowest growing states in the South Atlantic region for building material sales in 1986. Both have been hurt by imports.

Building material sales in South Carolina will increase 4% in real volume this year. The state's economy is becoming more tourist and retirement oriented, but the textile and cotton industries have seen imports gain share. The agricultural base of tobacco, soybeans and corn has not been robust. Resales roes 14% last year, starts 7% and employment 3.4%

West Virginia will be weakest state in the region. Building material sales will rise 1% in real volume. The coal mining industry and the chemical sector have been weak. Last year resales were up 9% but housing starts were down 9% and employment was off .2%. The decline in the dollar has helped Westmoreland Coal to sign a coal export agreement with Italy's steel industry.

Richard E. Mount is senior economist and manager of housing and construction material research for Merrill Lynch Economics.

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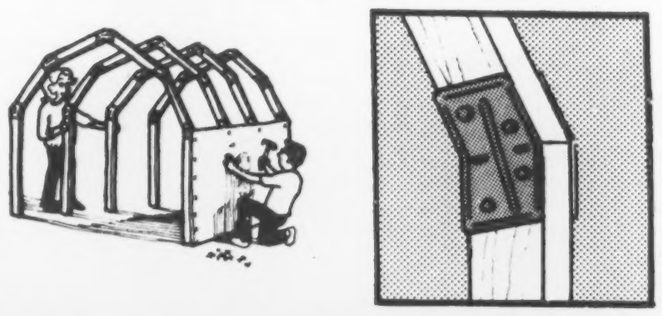

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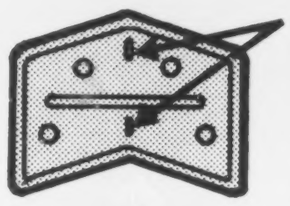

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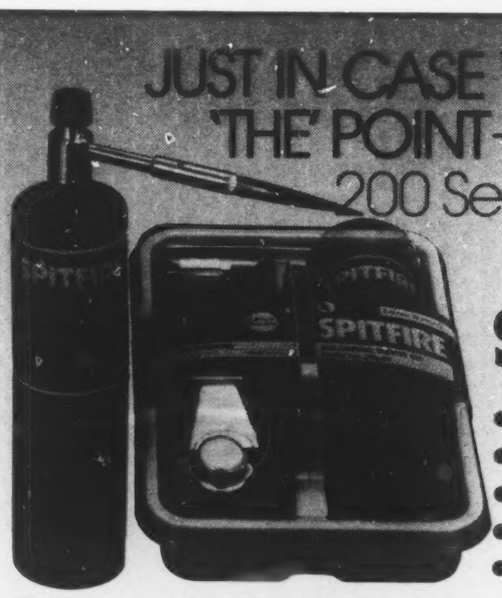

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Payless sales up 7.6% in 1Q

By an NHCN staff editor

KANSAS CITY, Mo. — Payless Cashways reported first quarter sales rose 7.6% to $274.5 million for the period ended March 1. Net income was up 55.5% to $2.4 million, as the nation's third largest home center chain showed signs of reversing what had been soft 1984 fiscal results.

Comparable store sales—for those open at least a year—increased 3.5% for the quarter. A month-by-month breakdown showed comp-store sales declined 7% in December, before climbing 10.4% in January and 12% in February.

David Stanley, chairman and ceo, attributed the higher sales to mild weather in January and February and an improved economy. Higher gross margins, which increased to 33.24% from 32.57%, combined with the sales increases and reduced interest costs contributed to the improved net income for the quarter.

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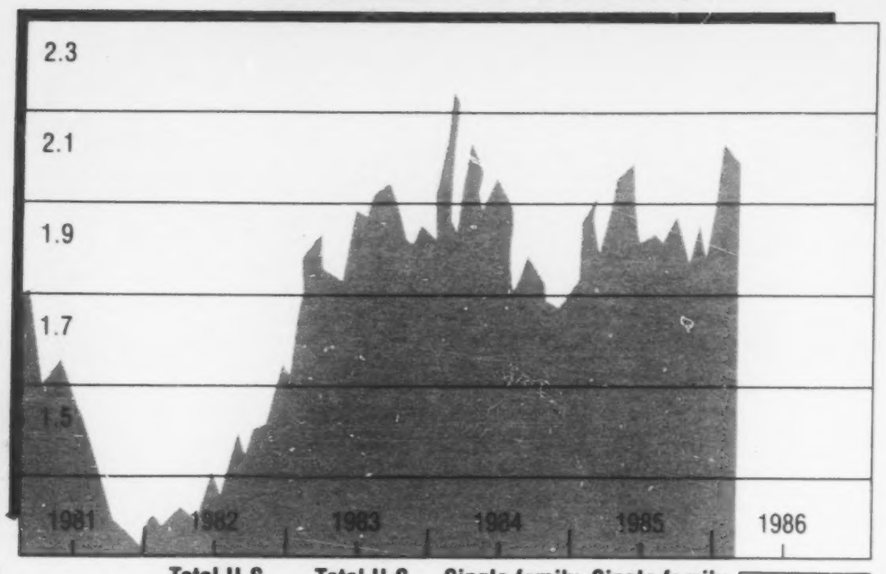
HOUSING WATCH

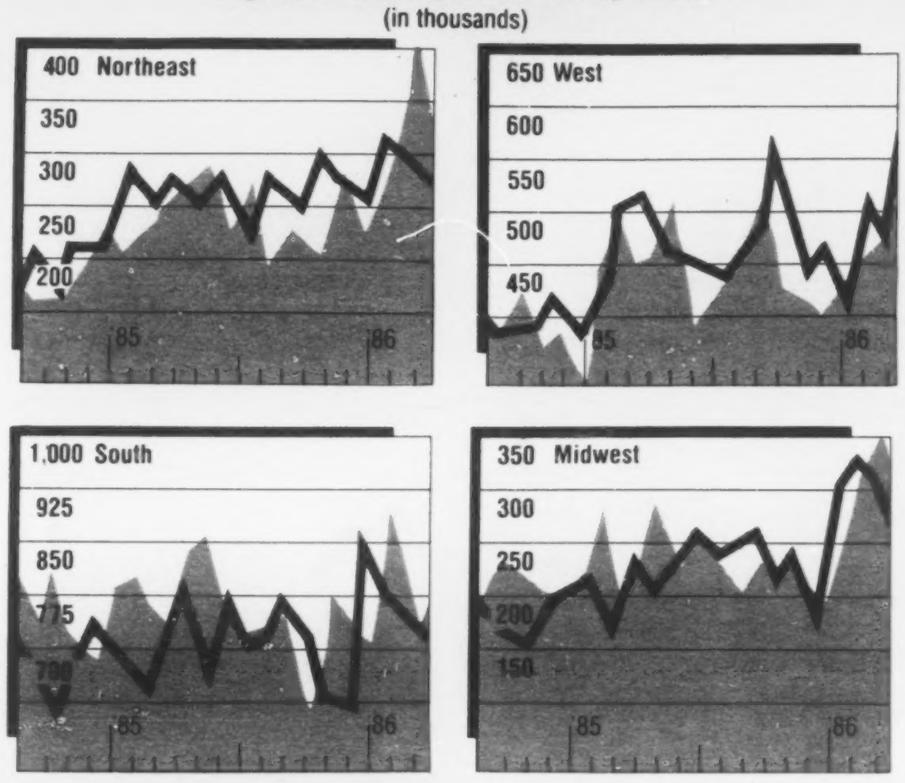
National housing starts and permits
(seasonally adjusted annual rates, in millions)

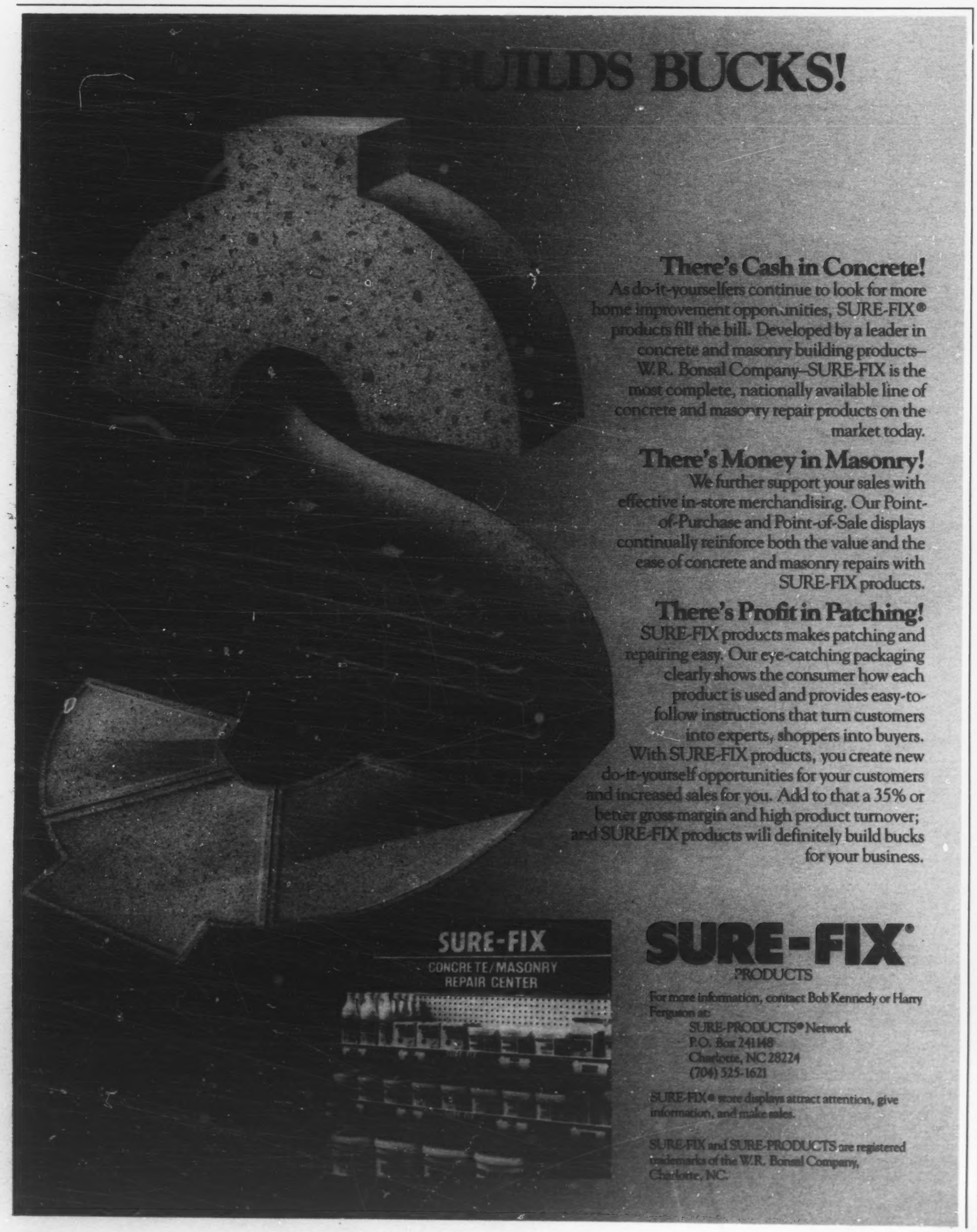


	Total U.S. starts	Total U.S. permits	Single family starts	Single family permits
Mar. '86	1,949	1,846	1,212	1,048
Feb. '86	1,997	1,803	1,204	1,022
Mar. '85	1,849	1,741	1,147	993

Key: Starts / Permits

Regional housing starts and permits
(in thousands)





March starts down 3.5%; 1986 year-end projections increase

By an NHCN staff editor

NATIONAL REPORT — Despite a seasonally adjusted 3.5% decline in housing starts in March, to 1.985 million units, the National Association of Home Builders is again contemplating another increase in its year-end 1986 projections.

Gopal Ahluwalia, assistant staff vp at the NAHB, said the 1.71 million housing starts expected this year—which is an increase over the group's original projections for 1986—may again be raised this month to 1.76 million or 1.77 million units.

Single-family starts may also be increased, from the current 1.14 million—also a revision over the 1.1 million units originally forecasted—to 1.2 million to 1.25 million units, he said.

The new projections are being made because of declining mortgage and interest rates, Ahluwalia explained.

Although the seasonally adjusted numbers declined, the Commerce Department reported that the nation's unadjusted figures showed substantial growth in March.

Total housing starts jumped 40.5% to 150,900 units. Single-family starts rose 48.2% to 96,000 units. Permits activity was equally as strong. Total permits rose 38.4%, to 150,900, and single-family permits soared 46.9%, to 89,000.

Regional Housing
(in thousands)

	March starts	% chg.	March permits	% chg.
Northeast	332	−19.2	282	− 6.3
West	510	+ 6.7	580	+23.7
South	772	+ 3.8	708	− 2.6
Midwest	335	− 8.0	276	− 9.8

The huge discrepancies between the two sets of numbers is due to the seasonal adjustment factor.

While total seasonally adjusted housing starts dropped slightly in March, single-family starts edged up .7% to 1.2 million units.

Housing permits also showed a gain, of 2.4% thanks to a 23.7% increase in activity in the West, to 580,000 units, seasonally adjusted. All other areas declined.

The Midwest recorded a 9.8% drop in housing permits, to 276,000 units, seasonally adjusted. Permit activity declined by 6.3% in the Northeast, to 282,000 units, seasonally adjusted, and by 2.6% to 708,000 units, seasonally adjusted, in the South.

The housing starts declines in March were due mostly by a drop in activity in the Northeast, down 19.2%, and in the Midwest, down 8%.

Both the South and West charted starts increases in March. The South reported a 3.8% increase over its February numbers, to 772,000 units, seasonally adjusted, and the West recorded a 6.7% increase, to 510,000 units.

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LUMBER REPORT

Lumber City gains direct-shipment advantage with Weyerhaeuser deal

By an NHCN staff editor

VAN NUYS, Calif. — In its advertising, Weyerhaeuser claims it is the "First Choice." Here at Neiman-Reed's Lumber City, the wood products company is the "Only Choice."

Lumber City chose Weyerhaeuser as the 12-unit chain's exclusive supplier of approximately 85 stock keeping units of lumber and related building materials.

Weyerhaeuser is reluctant to publicize its arrangement with Lumber City, in part because "it would be impossible to exactly duplicate this program anywhere else," David Still, general manager of Weyerhaeuser's Building Materials Distribution organization in the Western U.S., said.

"This program requires quite a bit of equipment and square footage in our distribution center," he added.

The Lumber City/Weyerhaeuser relationship has bottom-line significance: Sales of lumber and building materials accounted for more than 20% of Lumber City's approximately $65 million 1985 volume.

It's common for DIY retailers to rely on a single vendor to supply a total program, of course, but there's a difference in Lumber City's involvement with Weyerhaeuser.

Weyerhaeuser, an outside vendor, is acting as an in-house supplier. Store-level lumber department managers order replenishment stock directly from a Weyerhaeuser salesman, bypassing the corporate buying staff altogether.

Then, on a weekly or more-often schedule, Weyerhaeuser trucks deliver orders directly to Lumber City's retail stores located primarily in the San Fernando Valley.

The program utilizing Weyerhaeuser as a single-source was begun in May 1985 and "gets better as we go along," Robert Neiman, Lumber City's chairman, said.

Weyerhaeuser's Still said Weyerhaeuser does have "similar" direct-ship arrangements with other DIY retailers, primarily those which do not have distribution centers.

The uniqueness of the Lumber City/Weyerhaeuser relationship is based on geographic proximity between the retailer's stores and Weyerhaeuser's San Fernando Valley Customer Service Center.

This center, a wholesale distribution facility in Sepulveda, Calif., is one of six in southern California, according to Ben Johnson, Weyerhaeuser's national accounts marketing manager for the southern California and Arizona territory.

Each Monday, lumber department managers at each Lumber City store call Weyerhaeuser sales representative Jeff Belluschi at the Sepulveda facility to place their weekly order.

Weyerhaeuser has agreed to deliver any size of order, no matter how small. "To make it easier to handle at store level," Weyerhaeuser has downsized standard lumber units—breaking bundles into quarter or half sizes, Weyerhaeuser's Belluschi said.

Understanding the special needs of the DIY customer "has been a real learning process for Weyerhaeuser and us," Phil Neiman, Lumber City's lumber buyer, said.

"Unlike Weyerhaeuser's contractor customers, our consumers don't care whether we sell Douglas fir or Hemlock fir or any other species," Phil Neiman said. "He is more concerned with appearance.

"Last summer, we found black mold on some timber from the Northwest," Phil Neiman said. "We had to replace it. The mold doesn't have any structural effect, but DIYers don't know that and they won't buy it."

Because Weyerhaeuser is direct-shipping replenishment product to individual stores, Lumber City has sharply curtailed retail lumber activity at its five-acre wholesale facility in Van Nuys.

The Van Nuys yard, which contributes about 10% of Lumber City's total volume, now concentrates on more-lucrative industrial accounts.

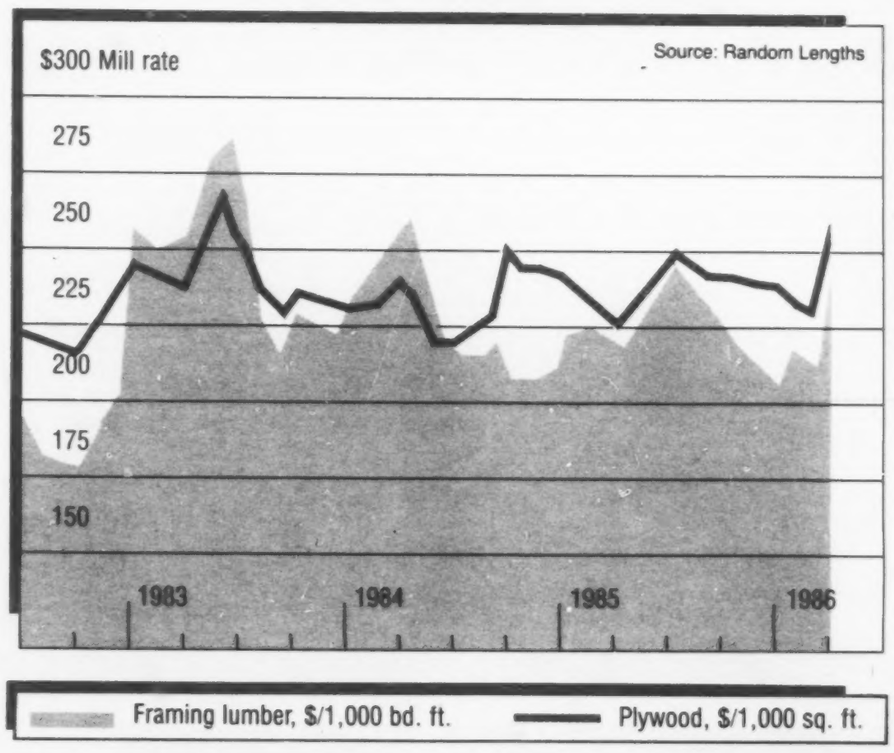
"Because we no longer stock all that lumber at the wholesale yard for our retail stores, we have been able to expand the mix of products bought by our industrial customers," Robert Neiman said. "The wholesale division is able to get a considerably better margin from industrial accounts than they got supplying our retail stores."

Weyerhaeuser doesn't get every bit of Lumber City's building materials-related business. The wholesale division is still providing the stores with tempered hard board. And for the chance to

(Continued on page 96)

Commodity close-up

Composite lumber/plywood price profile
(per thousand board feet)



Bouncing back from a sluggish fourth quarter finish in 1985, lumber and plywood prices have steadily surged upwards, surpassing 1985 price points. From a $183 per thousand board feet in December, the framing lumber composite hit $225 in March, higher than any selling point in 1985. Plywood's rise was not as spectacular, though prices moved from $203 in December to $229.

Futures

LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.
Two weeks ended April 10, 1986

	High	Low	Close (Settle)	*Previous Week	Open* Interest	Contract High	Contract Low
May '86	196.50	183.50	189.30	187.40	3,533	197.00	140.00
July	189.60	177.70	181.40	181.20	3,279	190.90	144.00
Sept.	180.80	171.50	174.40	174.60	1,387	182.40	145.50
Nov.	174.00	165.00	167.80	168.50	1,267	174.50	146.00
Jan. '87	175.00	169.80	170.50	172.80	144	175.00	150.00
Mar.	175.20	168.50	170.30	172.80	149	175.50	153.00
May	172.50	165.00	168.10	170.00	16	173.00	160.00

Total Contract Volume (thru 4/10): 24,865 — **Previous week: 9,635**
Total Open Interest (thru 4/10): 9,775 — **Previous 2 weeks: 25,615**
Cash Price: $201.88 — **Last week: $200.90** — **Year ago: $139.16**

CME—Chicago Mercantile Exchange
*Figures for April 10, 1986
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

National Home Center News • Section Two

Perspectives

The NHCN Annual Report on the Home Center Industry

HOUSE WORKS! HOME IMPROVEMENT OUTLET
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Scotty's
Mr. HOW WAREHOUSE
LOWE'S
CHANNEL HOME CENTERS
Wickes
THE HOME DEPOT
Builders Emporium
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MOORE'S an EVANS PRODUCTS COMPANY
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Part One

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ERNST home centers

Perspectives

annual report

Slower sales growth spurs realistic plans for growth

By Phillip M. Perry
NHCN staff editor

NATIONAL REPORT — In 1985, the home center industry experienced a slowdown in sales growth that is inspiring new, more realistic assessments of how quickly home center chains can grow—and in what form.

The numbers collected during research for the *NHCN* annual census issue tell the story. The top 100 chains in the industry grew by 11% in revenues during the year, well off the 18% increases in revenues they recorded during 1984.

Even more pronounced was the slowdown in growth for the top 10 chains, where an 11% revenue growth rate fell well under the robust 20% increase chalked up the year before.

Yet, one segment of the industry rapidly outpaced their competitors—at least in terms of sales. The chains appearing on the Top 100 list that fall between numbers 11 and 25 actually grew by 21% during the year. A glance at the Top 100 chart reveals why: In this category falls most of the warehouse retailers. Sales increases came to 381% for Mr. HOW, 257% for HomeClub, and 92% for Builders Square

The number of stores operated by the top 150 chains actually fell slightly in 1985. Much of this was brought about by profitability troubles that led to closings. For example, both Scott's and Walker-Kurth closed a total of 22 units during the year as both chains ceased business. Great Plains Supply reduced its count by 40 to a total of 42; Boise Cascade went from 60 to 19; and Edward Hines went from 40 to 26.

At the same time, the ambitious chains in the Top 25 (those racking up revenues from $190 million and up) managed to nearly make up the difference by increasing their own store counts by 4.3%. At the end of 1985 they were operating a total of 2,953 units, fully 66% of the total of 4,474 stores operated by the top 150 chains

If the upper volume chains have taken the lead in store growth, they also continue to play the most important role in total employment. The top 10 chains employ 88,559 people—fully 50% of the total of 177,010 emoloyed by the top 150 chains as a whole. And when taken as a group, the top 25 chains employ 129,859 people, or 73% of the total working at the top 150 chains.

Consumer sales, which make up nearly all of the revenues of such warehouse operators, continued to generate greater revenues for the industry as a whole last year. The chains which racked up the highest sales in 1985 captured a greater portion of their revenues from consumers than did those in the lower levels. For the top 25 chains, some 78% of sales derived from consumers, while for the top 150 chains, the comparable percentage was only 69%.

Wheeling & dealing in '85 mirrored '84 trend

NATIONAL REPORT — In many ways, 1985 mirrored 1984, as the home center industry experienced a continuation of the consolidation that gripped the retail home improvement business the previous year.

Just as K mart's $90 million purchase of Home Centers of America, now Builders Square, was the most significant industry event of 1984, Zayre's $151 million deal to acquire HomeClub last year symbolized the wheeling and dealing that ran rampant in 1985.

In February, Mr. HOW Warehouse bought five Forest City warehouse stores in Chicago, and Lowe's acquired 23 Boise Cascade units in Texas. Later in the year, Boise also sold off eight San Diego stores to former managers.

In April, Neiman-Reed co-founder Bob Neiman bought back from a British company a half interest in the California chain that bears his name; and Edward Hines formed a new private company after purchasing 26 Edward Hines Lumber stores.

In June, Builders Emporium purchased the four-unit Homeowners DIY Centers in southern California.

Overseas firms also stepped up their interest in American home center companies as Blue Circle Industries, a British firm, bought nine-store Williams Brothers in Atlanta, and Brussels-based GB-Inno-BM acquired a majority share in Handy Andy, the 15-unit, Gurnee, Ill.-based chain.

But, a general slowdown in sales from the previous years' breakneck pace, especially in the depressed oil

(Continued on page 82)

Falling oil prices create 'Doombelt' in Southwest

NATIONAL REPORT — The nation's Sunbelt continued to grow, and retailers were still anticipating the long-awaited renaissance of the nation's Frostbelt. But, the big story in 1985 was falling oil prices which created a "Doombelt" across the oil-producing states in the Southwest.

"1985 was damn poor; our economy is terrible down here, with oil and agriculture being what they are," said Bill Payne, vice president and general manager of T. H. Rogers Lumber, in Oklahoma City. The 33-unit chain experienced a 10% sales decline last year to $27 million. Making matters worse, "1986 is not expected to be much better," said Payne, who added the company will have to work harder and be more conservative with expenses.

Big Tin Barn, based in Diboll, Tex., cut its work force from 200 to 120, according to Bernie Brown, gm, but "that can only take you so far." Sales at the six-unit chain dropped 30% to $42 million last year, as the company was hurt by new competitors in the market. "I cannot compete with the big boys like Builders Square at retail," said Brown, who noted that he may have to consolidate his two larger stores in Houston into one unit if sales don't get better.

The drastic, year-long drop in oil prices left many markets over-developed and under-populated.

Arlington, Tex., independent Mayfield Building Supply attributed flat sales to the overbuilt situation in the housing market. "But, if interest rates stay low, and the housing keeps selling, things should pick up," said James Wallace, vp of the mostly contractor-oriented yard.

Single-family housing starts plummetted 51.8% in Houston last year, according to the National Association of Home Builders (NAHB). But, Houston is only the most-publicized by many hard-hit areas in the Southwest.

Dallas experienced a 10.9% decline in single-family housing starts in 1985. Jim Galbraith, president of 53-store Foxworth-Galbraith in Dallas, reported flat sales of around $111 million, "because a lot of our stores are in oil-related areas, and those that aren't are in overbuilt markets. Until we start seeing some movement in housing starts again, business is going to be down."

Some companies had such good years in 1984 that comparisons with last year were bound to be disappoint-

(Continued on page 82)

Top 10 firms squeeze 11% sales gain out of 3% increase in units

NATIONAL REPORT — While the top 10 home center chains increased their sales last year by 11%, to a total of $9.9 billion, they increased their store counts by only 3%, to a total of 1,989 units.

Over the 12-month period, the top 10 chains achieved average sales of $5.0 million per store

In contrast, the smaller chains were somewhat less productive. The top 150 chains as a whole produced $4.7 million in sales per store

These results from last month's survey for the *NHCN* census report show that the top players in the industry continue to be concerned with increasing the productivity of their stores.

In a survey done the previous year, it was seen that per-store productivity for the top 10 chains had increased from $3.8 million in 1983 to $4.4 million in 1984.

In 1985 the $9.9 billion in sales clocked for the top 10 chains accounted for 15% of the $64.9 billion in sales of building materials and hardware, as tracked by the U.S. Department of Commerce.

In 1984, their share of that market had also been clocked at 15%, up from 11% recorded in 1975.

Revenues recorded from the top 10 chains accounted for 48% of the $20.6 billion recorded by the top 150 chains. And the $14.1 billion recorded by the top 25 chains is fully 68% of that total.

Rank	Company	Total Sales Per Employee ($)	Total Sales Per Store (mil. $)	DIY Sales Per Sq. Ft. ($)
1	Lowe's Co.	159,385	7.3	297
2	W. R. Grace	82,000	4.4	208
3	Payless Cashways	106,579	8.2	276
4	Wickes Co.	96,000	5.4	365
5	Evans Products	113,953	3.1	85
6	The Home Depot	120,862	14.0	175
7	84 Lumber	260,800	1.7	52
8	Sutherland	214,074	6.8	340
9	Hechinger	59,875	8.9	148
10	Scotty's	84,464	3.8	71
11	Rickel	77,000	9.2	167
12	Builders Square	107,353	12.2	99
13	Menard's	109,375	11.3	137
14	Lanoga	152,273	2.4	176
15	Pay 'N Pak	154,884	3.1	112
16	Diamond Lumber	217,333	3.4	229
17	Central Hardware	108,000	8.7	145
18	Ernst Home Centers	86,667	3.6	99
19	HomeClub	86,207	13.9	139
20	Mr. HOW Warehouse	65,789	9.3	118
21	West Building Materials	94,340	3.9	130
22	Handyman	65,143	4.3	108
23	Carter-Jones Lumber	100,000	1.4	94
24	Pergament Home Centers	80,000	4.8	190
25	McCoy's	193,000	3.0	158

The calculations in the last two columns on this chart are based upon the number of stores, and showroom space, operated by the chains as of Dec. 31, 1985. Figures in those columns will represent activity below true performance in the case of chains—such as Builders Square—that rapidly rolled out stores during the year. Figures in the last column will represent activity above true performance for those chains—such as Wickes—which operate showrooms smaller than the industry average and which make a portion of their DIY sales out of attached outdoor lumberyards.

The NHCN Top 150 Total Sales

Rank '85	Rank '84	Company	Total Sales (Mil $) 1985	1984	% Chg.	% DIY 1985	1984	Number of Stores 1985	1984	'86 proj.	Selling Area (000) Store avg.	Chain total	Sku's Store avg.	Total	Number of Employees
1	1	**Lowe's Cos.,** North Wilkesboro, N.C.	**2,072**	1,689	23	**52**	52	**282**	248	300	13	3,666	12,000	25,000	13,317
2	2	**W. R. Grace,** New York	**1,394**	1,309	6	**95**	95	**319**	324	331	20	6,380	30,000	30,000	17,000
3	3	**Payless Cashways,** Kansas City, Mo.	**1,390**	1,180	18	**91**	90	**169**	157	181	27	4,563	13,500	15,000	13,042
4	5	**Wickes Cos.,** Santa Monica, Calif.	**1,152**	1,057	9	**60**	57	**212**	212	212	9	1,908	10,000	10,000	12,000
5	4	**Evans Products,** Miami	**980**	1,070	(8)	**83**	85	**319**	349	319	30	9,570	12,000	22,000	8,600
6	9	**The Home Depot,** Atlanta	**701**	433	62	**100**	100	**50**	31	59	80	4,000	25,000	25,000	5,800
7	6	**84 Lumber,** Eighty-Four, Pa.	**652**	750	(13)	**60**	60	**375**	365	390	20	7,500	7,500	7,500	2,500
8	7	**Sutherland,** Kansas City, Mo.	**578**	525	10	**100**	100	**85**	85	85	20	1,700	10,000	12,000	2,700
9	10	**Hechinger,** Landover, Md.	**479**	405	18	**100**	100	**54**	44	66	60	3,240	40,000	40,000	8,000
10	8	**Scotty's,** Winter Haven, Fla.[1]	**473**	440	8	**65**	65	**124**	110	135	35	4,340	14,500	14,500	5,600
11	12	**Rickel,** South Plainfield, N.J.	**385**	347	11	**100**	100	**42**	40	48	55	2,310	40,000	40,000	5,000
12	21	**Builders Square,** San Antonio	**365**	190	92	**65**	65	**30**	15	80	80	2,400	32,000	32,000	3,400
13	16	**Menard's,** Eau Claire, Wis.	**350**	285	23	**85**	85	**31**	24	33	70	2,170	45,000	50,000	3,200
14	13	**Lanoga,** Seattle	**335**	344	(3)	**50**	45	**140**	148	140	7	950	17,500	17,500	2,200
15	15	**Pay 'N Pak,** Kent, Wash.	**333**	305	9	**100**	100	**106**	100	108	28	2,968	15,000	15,000	2,150
16	14	**Diamond Lumber,** Dallas	**326**	330	(1)	**20**	21	**96**	96	95	3	288	12,000	12,000	1,500
17	20	**Central Hardware,** Bridgeton, Mo.	**270**	250	8	**100**	100	**31**	32	31	60	1,860	27,000	27,000	2,500
18	19	**Ernst Home Centers,** Seattle	**260**	240	8	**100**	100	**73**	72	77	36	2,628	25,000	30,000	3,000
19	45	**HomeClub,** Fullerton, Calif.	**250**	70	257	**100**	100	**18**	6	36	100	1,800	12,500	12,500	2,900
—	58	**Mr. HOW Warehouse,** Margate, Fla.	**250**	52	381	**95**	94	**27**	12	40	75	2,025	30,000	30,000	3,800
—	18	**West Building Materials,** Atlanta	**250**	245	2	**50**	40	**64**	65	67	15	960	18,000	20,000	2,650
22	17	**Handyman,** San Diego, Calif.	**228**	269	(15)	**100**	100	**53**	55	55	40	2,120	25,000	25,000	3,500
23	24	**Carter-Jones Lumber,** Kent, Ohio	**200**	165	21	**55**	55	**146**	142	146	8	1,168	8,000	8,000	2,000
—	23	**Pergament Home Centers,** Melville, N.Y.	**200**	180	11	**100**	100	**42**	42	48	25	1,050	30,000	30,000	2,500
25	22	**McCoy's,** San Marcos, Tex.	**193**	181	7	**80**	80	**65**	58	72	15	975	8,000	8,000	1,000
26	27	**Erb Lumber,** Birmingham, Mich.	**190**	150	27	**50**	50	**26**	28	28	10	260	7,000	10,000	1,045
27	26	**Homecrafters Warehouse,** Birmingham, Ala.	**184**	156	18	**65**	50	**28**	40	28	11	308	14,500	28,000	688
28	25	**Forest City,** Cleveland	**160**	158	1	**100**	100	**18**	20	20	65	1,170	30,000	30,000	2,400
29	NL	**Gerrity Building Centers,** Meredith, N.H.	**159**	125	27	**7**	15	**16**	10	18	12	192	9,000	12,000	600
30	29	**Wolohan Lumber,** Saginaw, Mich.	**151**	139	9	**57**	58	**34**	34	36	20	680	7,000	14,000	631
31	27	**Weyerhaeuser,** Tacoma, Wash.[2]	**148**	150	(1)	**47**	42	**9**	11	8	20	176	23,000	23,000	1,000
32	31	**National Lumber & Supply,** Santa Ana, Calif.	**134**	128	5	**100**	100	**19**	15	19	60	1,140	24,000	24,000	1,500
33	11	**Boise Cascade,** Boise, Idaho[3]	**130**	390	(67)	**20**	38	**26**	77	22	10	260	10,000	35,000	1,150
34	32	**O'Malley's,** Phoenix	**120**	114	5	**30**	40	**16**	19	16	25	400	20,000	20,000	600
35	35	**Knox Lumber,** St. Paul, Minn.	**118**	103	15	**95**	98	**10**	10	11	22	220	22,000	22,000	800
36	33	**Foxworth-Galbraith,** Dallas	**111**	110	1	**40**	40	**53**	59	53	12	636	12,000	12,000	1,600
37	34	**Handy Andy,** Gurnee, Ill.	**106**	94	13	**98**	98	**16**	15	21	55	880	25,000	30,000	1,500
38	36	**Lloyd Home & Building Ctrs.,** Danbury, Conn.	**100**	90	11	**68**	66	**35**	39	35	12	420	12,000	13,000	854
39	38	**Hill-Behan Lumber,** St. Louis	**91**	80	14	**49**	50	**34**	34	35	12	408	13,000	13,000	850
40	30	**Edward Hines Lumber,** Chicago	**90**	138	(35)	**40**	40	**26**	40	26	9	234	8,000	9,000	800
—	62	**Mr. Goodbuys,** Philadelphia	**90**	50	80	**100**	100	**8**	6	14	70	560	20,000	27,000	1,100
—	45	**Strober Brothers,** Brooklyn, N.Y.	**90**	70	29	**30**	26	**9**	8	10	35	315	12,000	12,000	225
43	38	**Anderson Lumber,** Ogden, Utah	**86**	80	8	**30**	33	**23**	22	23	6	138	15,000	15,000	550
44	38	**Copeland Lumber Yards,** Portland, Ore.	**85**	80	6	**52**	55	**80**	80	80	5	400	5,500	5,500	600
45	43	**Meeks Building Centers,** Springfield, Mo.	**83**	75	11	**40**	40	**22**	21	23	15	330	20,000	20,000	450
46	38	**Terry Companies,** Tarzana, Calif.	**80**	80	0	**20**	20	**12**	10	12	6	72	10,000	10,000	350
47	44	**Lampert Lumber,** St. Paul, Minn.	**77**	75	3	**70**	71	**46**	47	46	10	460	7,000	28,000	650
48	45	**Seacoast Building Centers,** Conway, S.C.	**75**	70	7	**4**	4	**12**	12	14	24	288	12,000	12,000	467
49	50	**Westlake Ace Hardware,** Moberly, Mo.	**70**	60	17	**91**	92	**33**	28	40	22	726	21,000	21,000	700
50	NL	**Lyman Lumber,** Excelsior, Minn.	**67**	74	(9)	**3**	3	**5**	5	5	10	50	8,000	10,000	400
51	56	**Alexander Lumber,** Aurora, Ill.	**65**	60	8	**20**	20	**53**	60	53	10	530	10,000	10,000	325
—	NL	**Mack Industries,** Hollywood, Fla.	**65**	63	3	**20**	19	**4**	2	4	20	80	9,000	11,000	500
—	48	**Valu Home Centers,** Buffalo, N.Y.	**65**	65	0	**100**	100	**22**	22	24	27	594	13,000	16,000	575
54	58	**Brown-Graves,** Akron, Ohio	**64**	52	23	**16**	15	**5**	5	5	12	60	10,000	10,000	350
—	49	**Neiman-Reed's Lumber City,** Van Nuys, Calif.	**64**	63	2	**91**	90	**12**	12	12	35	420	22,000	22,000	725
56	62	**Williams Brothers,** Atlanta	**62**	50	24	**32**	40	**9**	9	10	12	108	11,000	14,000	425
57	62	**Stambaugh-Thompson,** Youngstown, Ohio	**61**	54	13	**100**	100	**20**	20	21	27	540	21,000	21,000	800
58	53	**A. C. Houston Lumber,** Wichita, Kan.	**60**	57	5	**30**	30	**11**	11	11	10	110	12,000	18,000	400
—	37	**Busy Beaver,** Pittsburgh	**60**	83	(28)	**95**	94	**11**	24	11	40	440	13,000	14,000	400
—	66	**Chase-Pitkin,** Rochester, N.Y.	**60**	49	22	**93**	96	**11**	12	13	35	385	30,000	30,000	650
—	56	**Courtesy Home Centers,** Mt. Prospect, Ill.	**60**	55	9	**100**	100	**5**	5	6	50	250	35,000	35,000	850

Rank '85	Rank '84	Company	Total Sales (Mil $) 1985	1984	% Chg.	% DIY 1985	1984	Number of Stores 1985	1984	'86 proj.	Selling Area (000) Store avg.	Chain total	Sku's Store avg.	Total	Number of Employees
—	42	**Great Plains Supply,** St. Paul, Minn.	60	73	(18)	30	30	42	82	43	4	168	8,000	12,000	275
—	NL	**Ray Lumber,** Phoenix, Ariz.	60	62	(3)	2	2	3	3	3	5	15	12,500	12,500	375
—	62	**Wolf Supply,** York, Pa.	60	50	20	33	30	24	22	27	3	72	4,000	4,000	22
65	52	**M. G. Building Materials,** San Antonio, Tex.	58	58	0	40	40	4	3	4	10	40	12,000	12,000	100
66	68	**Cox Lumber,** St. Petersburg, Fla.	57	57	0	19	19	13	12	14	15	195	8,000	10,000	520
67	58	**Peter Kuntz,** Dayton, Ohio	54	52	4	50	50	21	24	21	20	420	15,000	20,000	375
68	NL	**Parr Lumber,** Aloha, Ore.	53	50	6	19	14	9	9	9	4	36	15,000	15,000	230
69	72	**Church's Lumber,** Utica, Mich.	50	42	19	76	76	15	14	16	20	300	12,500	15,000	350
—	NL	**National Lumber** Warren, Mich.	50	38	32	2	3	1	1	1	20	20	7,000	7,000	150
—	NL	**Scherer Brothers,** Minneapolis, Minn.	50	40	25	10	10	2	1	2	3	6	8,000	10,000	250
—	58	**Star Lumber,** Wichita, Kan.	50	52	(4)	50	42	3	3	3	30	90	28,000	28,000	400
73	NL	**National Home Center,** Springdale, Ark.	49	33	48	41	33	4	4	4	42	168	22,000	30,000	425
74	86	**Eclipse Industries,** St. Louis[4]	48	36	32	97	97	9	8	11	50	450	10,000	12,000	300
75	69	**Goodman's Lumber,** San Francisco	47	43	9	100	100	4	5	4	50	200	15,000	20,000	200
76	NL	**Bellevue Builders Supply,** Schenectady, N.Y.	44	36	22	34	36	1	1	1	12	12	15,000	15,000	180
—	NL	**General Building Products,** Medford, N.Y.	44	28	57	41	39	4	4	5	7	28	12,000	12,000	215
—	76	**Mid-Cape Home Centers,** Orleans, Mass.	44	38	16	25	26	8	9	8	10	80	17,000	20,000	225
—	53	**Stripling Blake Lumber,** Austin, Tex.	44	57	(23)	20	11	1	1	2	32	32	35,000	35,000	276
80	69	**Causeway Lumber,** Fort Lauderdale, Fla.	43	43	0	12	12	3	3	4	5	15	8,000	8,000	320
—	69	**Warners True Value,** St. Paul, Minn.	43	43	0	95	95	23	23	23	20	460	20,000	20,000	300
82	50	**Big Tin Barn,** Diboll, Tex.	42	60	(30)	14	20	6	6	6	4	24	10,000	10,000	120
—	55	**Calcasieu Lumber,** Austin, Tex.	42	56	(25)	2	2	1	1	1	10	10	13,000	13,000	220
—	79	**Ganahl Lumber,** Anaheim, Calif.	42	36	17	17	19	4	4	4	7	28	14,000	20,000	250
—	78	**Seigle's Home & Building Centers,** Elgin, Ill.	42	38	11	31	32	5	5	6	24	120	20,000	20,000	275
—	72	**The Paty Co.,** Piney Flats, Tenn.	42	40	5	55	55	6	6	6	20	120	13,000	13,000	400
87	75	**Brewster's Lumber,** Providence, R.I.	41	39	5	49	59	4	4	4	17	68	10,000	10,000	200
88	96	**E. C. Barton,** Jonesboro, Ark.	40	42	(5)	20	17	27	27	27	5	135	9,000	9,000	350
—	72	**Fullerton Lumber,** Minneapolis, Minn.	40	35	14	40	40	38	46	38	13	494	12,000	12,000	400
—	NL	**Stevenson Lumber,** Stevenson, Conn.	40	25	60	13	20	1	1	2	3	3	7,000	8,000	100
91	81	**Curtis Lumber,** Ballston Spa, N.Y.	39	32	22	41	75	6	6	7	14	81	9,500	9,500	201
92	NL	**Daniels-McCray Lumber,** Kansas City, Mo.	38	34	12	5	6	3	3	3	3	9	9,000	9,000	150
93	NL	**East Coast Lumber,** East Hampstead, N.H.	37	24	54	16	17	2	1	3	30	60	6,000	6,000	185
—	NL	**Ply-Marts,** Norcross, Ga.	37	33	12	11	9	4	4	3	10	40	2,000	5,000	200
95	NL	**Mayfield Building Supply,** Arlington, Tex.	36	35	3	6	6	1	1	1	6	6	5,000	6,000	175
—	81	**Plywood Minnesota,** Minneapolis	36	32	13	61	59	10	9	11	30	300	5,000	5,000	300
97	86	**City Mill,** Honolulu	35	30	17	91	90	5	5	5	45	225	21,000	21,000	380
—	NL	**General Building Supply,** East Hartford, Conn.	35	30	17	40	47	4	4	4	8	32	12,000	12,000	200
—	86	**Hancock Co.,** Casco, Me.	35	30	17	46	43	6	6	6	4	24	11,000	15,000	100
—	86	**J.T.'s Home Centers,** Middletown, R.I.	35	30	17	34	37	4	5	5	11	44	32,000	32,000	260
—	NL	**Kempsville,** Virginia Beach, Va.	35	33	6	11	9	1	1	1	12	12	12,000	12,000	175
—	NL	**L&P Building Supply,** Albuquerque, N.M.	35	35	0	20	20	7	9	6	8	56	8,000	8,000	155
—	79	**Lampert Yards,** St. Paul, Minn.	35	35	0	46	43	29	31	29	4	116	35,000	45,000	290
—	95	**Lezzer Lumber,** Curwensville, Pa.	35	29	21	49	52	6	6	6	15	90	20,000	20,000	145
—	86	**M. L. Claster & Sons,** Bellefonte, Pa.	35	28	25	49	50	12	12	12	8	96	6,500	6,500	120
—	86	**Rigg's Supply,** Kennett, Mo.	35	30	17	86	87	7	6	8	50	350	50,000	50,000	160
107	81	**Crissey-Fowler Lumber,** Colorado Springs, Colo.	34	32	6	15	16	1	1	1	30	30	21,000	21,000	155
108	NL	**Haddonfield Lumber,** Haddonfield, N.J.	33	29	14	12	14	3	3	4	3	9	8,000	8,000	110
109	NL	**Fagen's,** Verona, Pa.	32	0	NC	34	NC	13	0	14	10	130	8,000	10,000	200
110	86	**Babbitt Brothers,** Flagstaff, Ariz.	30	30	0	40	40	6	6	6	10	60	10,000	12,000	135
—	99	**Braver Lumber,** Detroit	30	27	11	87	93	11	12	12	8	88	7,000	12,000	250
—	99	**Budget Power,** Hopkins, Minn.	30	25	20	83	80	8	8	8	10	80	22,000	23,000	400
—	NL	**Builders Supply,** Omaha, Neb.	30	27	11	13	15	1	1	1	20	20	20,000	20,000	200
—	NL	**Century Lumber,** Braintree, Mass.	30	25	20	50	52	6	6	6	10	60	15,000	16,000	150
—	81	**Elk Supply,** Clinton, Okla.	30	31	(3)	77	84	16	15	16	12	192	30,000	30,000	127
—	NL	**Masten Lumber,** Milford, Del.	30	25	20	23	24	7	7	8	15	105	9,200	9,200	200
—	86	**Panning Lumber,** Orlando, Fla.	30	30	0	10	10	7	7	7	5	35	12,000	12,000	250
—	NL	**Standard Supply & Lumber,** Grand Rapids, Mich.	30	27	13	25	25	9	9	12	5	41	12,500	15,000	155
—	NL	**Triangle Building Centers,** Quakertown, Pa.	30	21	43	80	81	4	4	6	45	180	20,000	20,000	300
—	NL	**Woodbury and Sons,** Glens Falls, N.Y.	30	23	30	43	30	8	8	9	8	64	12,000	14,500	250
121	NL	**Hayward Lumber,** Salinas, Calif.	29	23	26	34	39	6	6	6	12	72	20,000	20,000	140

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122	NL	**Babcock Building Supply,** Melbourne, Fla.	28	28	0	50	50	8	7	8	40	320	33,000	33,000	233
—	NL	**Herndon Lumber,** Gainesville, Va.	28	24	17	7	8	1	1	1	5	5	5,000	5,000	90
124	NL	**Cofer Brothers,** Atlanta	27	26	4	11	12	1	1	1	16	16	10,000	10,000	70
—	86	**T. H. Rogers Lumber,** Oklahoma City	27	30	(10)	67	67	33	32	33	3	99	10,000	10,000	200
126	99	**All American Home Center,** Downey, Calif.	26	25	4	100	100	1	1	1	173	173	80,000	80,000	265
—	NL	**Fairfield Lumber,** Fairfield, Conn.	26	20	30	12	15	1	1	1	40	40	15,000	15,000	130
—	NL	**Millard Lumber,** Omaha	26	26	0	31	31	2	2	2	18	36	25,000	25,000	190
129	99	**Gee Lumber,** Chicago	25	25	0	80	80	13	13	13	20	260	40,000	42,000	450
—	NL	**Levy's Lumber,** Louisville, Ky.	25	18	39	84	83	4	3	5	62	248	25,000	25,000	300
—	99	**Sackett & Peters,** Whittier, Calif.	25	25	0	100	100	2	2	2	80	160	37,000	37,000	155
132	NL	**Champion Lumber,** Riverside, Calif.	24	23	4	4	4	1	1	1	10	10	1,000	1,000	66
133	NL	**Bailey Lumber,** Bluefield, W. Va.	23	22	3	65	65	17	17	15	5	85	7,500	10,000	212
—	NL	**Builderama,** Savannah, Ga.	23	19	21	83	81	6	6	7	30	180	18,000	19,000	275
—	NL	**Hacienda Home Centers,** Albuquerque, N.M.	23	15	50	100	90	6	5	6	21	126	15,000	15,000	280
—	NL	**Manis Lumber (Wheeler's),** Rome, Ga.	23	18	29	36	29	6	6	6	8	48	8,000	10,000	125
—	85	**Martin Home Centers,** Alexandria, La.	23	31	(26)	26	23	6	7	6	10	60	9,000	9,000	130
—	NL	**Spahn and Rose Lumber,** Dubuque, Iowa	23	22	5	52	55	25	25	25	10	250	15,000	15,000	175
139	NL	**Nassau Suffolk Lumber & Supply,** Hauppauge, N.Y.	22	20	10	30	30	6	6	6	15	90	10,000	12,000	160
—	NL	**Stine Lumber,** Sulfur, La.	22	19	16	80	80	6	6	6	15	90	6,500	6,500	186
141	NL	**Hughes Lumber,** Tulsa, Okla.	21	24	(13)	81	79	10	10	10	15	150	7,500	7,500	150
—	NL	**TAPJAC Co.,** Carthage, Mo.	21	23	(9)	65	75	12	12	13	10	120	9,000	20,000	224
143	NL	**Olshan Lumber Co.,** Houston	20	20	0	80	80	2	1	2	35	70	18,000	18,000	175
—	NL	**Thurman Industries,** Kirkland, Wash.	20	20	0	98	98	10	10	10	15	150	10,000	12,000	150
—	96	**Robertson Cos.,** Grand Forks, N.D.	20	27	(26)	40	37	26	27	26	8	208	17,000	20,000	170
146	NL	**San Diego Glass & Paint,** San Diego, Calif.	18	17	6	90	90	17	17	17	9	153	15,000	15,000	225
147	NL	**Ziegler Building Centers,** Spokane, Wash.	17	15	11	93	85	7	7	7	12	84	1,000	1,000	85
148	67	**Walker-Kurth Lumber,** Houston[5]	16	48	(67)	50	50	0	5	0	20	0	25,000	25,000	250
149	NL	**Supply One,** Rancho Cordova, Calif.[6]	15	0	—	100	—	3	0	4	24	72	26,000	30,000	200
150	NL	**Plywood Ranch,** Braintree, Mass.	13	21	(38)	92	57	11	12	14	14	154	9,000	9,000	143
—	76	**Scott's,** Linthicum, Md.[7]	13	38	(66)	95	97	0	17	0	25	0	15,000	15,000	400
TOP 10 TOTALS AND AVERAGES			9,871	8,858	11	77	76	1,989	1,925	2,078	31	46,867	17,450	20,100	88,559
TOP 25 TOTALS AND AVERAGES			14,066	12,311	14	78	76	2,953	2,832	3,154	37	72,539	20,780	22,320	129,859
TOP 50 TOTALS AND AVERAGES			16,861	15,150	11	74	72	3,569	3,522	3,797	30	83,261	17,730	20,270	151,369
TOP 100 TOTALS AND AVERAGES			19,289	17,413	11	70	68	4,085	4,105	4,314	24	91,408	15,770	17,675	167,203
TOP 150 TOTALS AND AVERAGES			20,605	18,628	11	69	67	4,474	4,482	4,739	23	96,751	16,051	17,725	177,010

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W. R. GRACE	**Grace Central,** San Antonio, Tex.[8]	358	400	(10.5)	100	100	103	117	106	41	4,203	19,450	NA	NA
	Channel, Whippany, N.J.	437	395	10.6	100	100	101	100	110	40	4,040	25,000	25,000	NA
	Grace West, Diamond Bar, Calif.[9]	394	375	5.1	100	100	91	89	88	37	3,367	23,000	23,000	6,500
	Orchard Supply Hardware, San Jose, Calif.	155	139	12.0	80	80	21	18	21	33	693	50,000	50,000	2,300
	Home Quarters Warehouse, Virginia Beach, Va.	50	NA	NA	100	NA	3	0	6	80	240	25,000	25,000	NA
PAYLESS CASHWAYS[10]	**Somerville Lumber,** Somerville, Mass.	93	62	50.0	85	85	3	3	6	42	126	42,000	42,000	700
EVANS PRODUCTS	**Grossman's,** Braintree, Mass.	500	520	(4.0)	85	92	156	178	NA	30	4,680	15,000	22,000	NA
	Lindsley, Miami	105	130	(19.0)	100	100	43	43	NA	NA	0	NA	NA	NA
	Moore's (including Alamo), Roanoke, Va.	260	250	4.0	65	68	88	89	NA	NA	0	NA	NA	NA
	Grossman's West, and Hubbard and Johnson	115	139	(17.0)	100	100	32	30	NA	NA	0	NA	NA	NA
WICKES COS.	**Wickes Lumber,** Vernon Hills, Ill.	912	853	7.0	50	47	212	212	NA	9	1,908	10,000	10,000	NA
	Builders Emporium, Irvine, Calif.	240	204	18.0	100	100	63	59	66	35	2,205	20,000	20,000	NA
LANOGA	**Lumbermen's,** Olympia, Wash.	60	60	0	57	57	14	14	16	10	140	12,000	12,000	375
	Spenards, Anchorage	148	148	0	34	34	11	11	12	9	99	19,000	19,000	NA
	United Building Centers, Winona, Minn.	127	136	(7.0)	47	46	115	123	NA	6	690	NA	NA	NA
WEYERHAEUSER	**Dixieline Lumber,** San Diego, Calif.	102	107	(5.0)	40	40	5	5	6	18	90	25,000	25,000	601
	Everitt Lumber, Fort Collins, Colo.	26	31	(16.0)	38	39	2	4	NA	27	54	NA	NA	NA
	Fisher-Malibu Lumber, Santa Monica, Calif.	20	12	67.0	90	67	2	2	2	16	32	18,000	18,000	85

[1]Scotty's (No. 10): Fiscal year ends June 30. All numbers in charts are for calendar year.

[2]Weyerhaeuser (No. 31): Weyerhaeuser owned Dixieline Lumber until it was purchased by Norlek Inc., Providence, R.I., in late 1985. Another Weyerhaeuser subsidiary, Everitt Lumber, closed or sold its four Colorado home centers in later 1985 and early 1986.

[3]Boise Cascade (No. 33): Divesting its home center units, including 23 sold to Lowe's in January 1985.

[4]Eclipse Industries (No. 74): Totals include 50% of revenues from DIY Home Warehouse, a joint venture with Erb Lumber.

[5]Walker-Kurth Lumber (No. 148): Totals include sales prior to liquidation last summer.

[6]Supply One (No. 149): Opened first unit in late 1984.

[7]Scott's (No. 150): Acquired by General Host in July. Stores closed and in process of being reopened as Frank's Nursery & Crafts outlets.

[8]Grace's Central Region includes Handy City, Handy Dan and HouseWorks.

[9]Grace's Western Region includes Angels, Cashway, Ole's, and Handy Dan in Denver and western Texas.

[10]Payless Cashways, Furrow's, Prime, Lumberjack and Wood Bros. are included under Payless Cashways totals

NA: Not applicable/available

NL: New listing

NR: Not rated

Source: Company data; *NHCN* research, *NHCN* chart

The NHCN Top 100 DIY Sales

DIY Rank	Company	DIY Sales 1985 (Mil. $)	DIY Sales 1984 (Mil. $)	% Change	% DIY 1985	Total Stores 1985
1	**W. R. Grace,** New York	1,324	1,243	7	95	319
2	**Payless Cashways,** Kansas City, Mo.	1,260	1,058	19	91	169
3	**Lowe's Cos.,** North Wilkesboro, N.C.	1,087	878	24	52	282
4	**Evans Products,** Miami	814	909	(10)	83	319
5	**The Home Depot,** Atlanta	701	433	62	100	50
6	**Wickes Cos.,** Santa Monica, Calif.	696	605	15	60	212
7	**Sutherland,** Kansas City, Mo.	578	525	10	100	85
8	**Hechinger,** Landover, Md.	479	405	18	100	54
9	**84 Lumber,** Eighty-Four, Pa.	391	450	(13)	60	375
10	**Rickel,** South Plainfield, N.J.	385	347	11	100	42
11	**Pay 'N Pak,** Kent, Wash.	333	305	9	100	106
12	**Scotty's,** Winter Haven, Fla.	307	286	7	65	124
13	**Menard's,** Eau Claire, Wis.	298	242	23	85	31
14	**Central Hardware,** Bridgeton, Mo.	270	250	8	100	31
15	**Ernst Home Centers,** Seattle	260	240	8	100	73
16	**HomeClub,** Fullerton, Calif.	250	70	257	100	18
17	**Mr. HOW Warehouse,** Margate, Fla.	238	49	386	95	27
18	**Builders Square,** San Antonio	237	123	93	65	30
19	**Handyman,** San Diego, Calif.	228	269	(15)	100	53
20	**Pergament Home Centers,** Melville, N.Y.	200	180	11	100	42
21	**Lanoga,** Seattle	168	155	8	50	140
22	**Forest City,** Cleveland	160	158	1	100	18
23	**McCoy's,** San Marcos, Tex.	154	145	6	80	65
24	**National Lumber & Supply,** Santa Ana, Calif.	134	128	5	100	19
25	**West Building Materials,** Atlanta	125	98	28	50	64
26	**Homecrafters Warehouse,** Birmingham, Ala.	120	78	54	65	28
27	**Knox Lumber,** St. Paul, Minn.	112	101	11	95	10
28	**Carter-Jones Lumber,** Kent, Ohio	110	91	21	55	146
29	**Handy Andy,** Gurnee, Ill.	104	92	13	98	16
30	**Erb Lumber,** Birmingham, Mich.	95	75	27	50	26
31	**Mr. Goodbuys,** Philadelphia	90	50	80	100	8
32	**Wolohan Lumber,** Saginaw, Mich.	86	81	6	57	34
33	**Weyerhaeuser,** Tacoma, Wash.	69	63	9	47	9
34	**Lloyd Home & Building Ctrs.,** Danbury, Conn.	68	59	15	68	35
35	**Diamond Lumber,** Sacramento	66	69	(4)	20	96
36	**Valu Home Centers,** Buffalo, N.Y.	65	65	0	100	22
37	**Westlake Ace Hardware,** Moberly, Mo.	64	55	16	91	33
38	**Stambaugh-Thompson,** Youngstown, Ohio	61	54	13	100	20
39	**Courtesy Home Centers,** Mt. Prospect, Ill.	60	55	9	100	5
40	**Neiman-Reed's Lumber City,** Van Nuys, Calif.	58	57	2	91	12
41	**Busy Beaver,** Pittsburgh	57	78	(27)	95	11
42	**Chase-Pitkin,** Rochester, N.Y.	56	47	19	93	11
43	**Lampert Lumber,** St. Paul, Minn.	54	53	2	70	46
44	**Goodman's Lumber,** San Francisco	47	43	9	100	4
45	**Eclipse Industries,** St. Louis	46	35	32	97	9
46	**Hill-Behan Lumber,** St. Louis	45	40	13	49	34
47	**Foxworth-Galbraith,** Dallas	44	44	0	40	53
—	**Copeland Lumber Yards,** Portland, Ore.	44	44	0	52	80
49	**Warners True Value,** St. Paul, Minn.	41	41	0	95	23
50	**Church's Lumber,** Utica, Mich.	38	32	19	76	15
51	**Edward Hines Lumber,** Chicago	36	55	(35)	40	26
—	**O'Malley's,** Phoenix	36	46	(22)	30	16
53	**Meeks Building Centers,** Springfield, Mo.	33	30	10	40	22
54	**City Mill,** Honolulu	32	27	19	91	5
55	**Rigg's Supply,** Kennett, Mo.	30	26	15	86	7
56	**Peter Kuntz,** Dayton, Ohio	27	26	4	50	21
—	**Strober Brothers,** Brooklyn, N.Y.	27	18	50	30	9
58	**Boise Cascade,** Boise, Idaho	26	147	(82)	20	26
—	**Anderson Lumber,** Ogden, Utah	26	26	0	30	23
—	**Braver Lumber,** Detroit	26	25	4	87	11
—	**All American Home Center,** Downey, Calif.	26	25	4	100	1
62	**Sackett & Peters,** Whittier, Calif.	25	25	0	100	2
—	**Star Lumber,** Wichita, Kan.	25	22	14	50	3
—	**Budget Power,** Hopkins, Minn.	25	20	25	83	8
65	**Triangle Building Centers,** Quakertown, Pa.	24	17	41	80	4
66	**Elk Supply,** Clinton, Okla.	23	26	(12)	77	16
—	**M. G. Building Materials,** San Antonio, Tex.	23	23	0	40	4
—	**The Paty Co.,** Piney Flats, Tenn.	23	22	5	55	6
—	**Hacienda Home Centers,** Albuquerque, N.M.	23	14	67	100	6
70	**Plywood Minnesota,** Minneapolis	22	19	16	61	10
71	**Levy's Lumber,** Louisville, Ky.	21	15	40	84	4
72	**Brewster's Lumber,** Providence, R.I.	20	23	(13)	49	4
—	**Gee Lumber,** Chicago	20	20	0	80	13
—	**Williams Brothers,** Atlanta	20	20	0	32	9
—	**Wolf Supply,** York, Pa.	20	15	33	33	24
—	**National Home Center,** Springdale, Ark.	20	11	82	41	4
—	**Thurman Industries,** Kirkland, Wash.	20	20	0	98	10
78	**Builderama,** Savannah, Ga.	19	15	24	83	6
79	**Great Plains Supply,** St. Paul, Minn.	18	22	(18)	30	42
—	**T. H. Rogers Lumber,** Oklahoma City	18	20	(10)	67	33
—	**A. C. Houston Lumber,** Wichita, Kan.	18	17	6	30	11
—	**General Building Products,** Medford, N.Y.	18	11	64	41	4
—	**Stine Lumber,** Sulfur, La.	18	15	16	80	6
84	**Hughes Lumber,** Tulsa, Okla.	17	19	(11)	81	10
—	**Lezzer Lumber,** Curwensville, Pa.	17	15	13	49	6
—	**M. L. Claster & Sons,** Bellefonte, Pa.	17	14	21	49	12
87	**San Diego Glass & Paint,** San Diego, Calif.	16	15	6	90	17
—	**Curtis Lumber,** Ballston Spa, N.Y.	16	24	(33)	41	6
—	**Olshan Lumber Co.,** Houston	16	16	0	80	2
—	**Terry Companies,** Tarzana, Calif.	16	16	0	20	12
—	**Lampert Yards,** St. Paul, Minn.	16	15	7	46	29
—	**Fullerton Lumber,** Minneapolis, Minn.	16	14	14	40	38
—	**Hancock Co.,** Casco, Me.	16	13	23	46	6
—	**Ziegler Building Centers,** Spokane, Wash.	16	13	21	93	7
95	**Century Lumber,** Braintree, Mass.	15	13	15	50	6
—	**Bellevue Builders Supply,** Schenectady, N.Y.	15	13	15	34	1
—	**Supply One,** Rancho Cordova, Calif.	15	0	—	100	3
—	**Baily Lumber,** Bluefield, W. Va.	15	15	2	65	17
99	**General Building Supply,** East Hartford, Conn.	14	14	0	40	4
—	**Babcock Building Supply,** Melbourne, Fla.	14	14	0	50	8
TOP 10 TOTALS AND AVERAGES		7,715	6,853	14	79	1,907
TOP 25 TOTALS AND AVERAGES		11,076	9,551	17	80	2,748
TOP 50 TOTALS AND AVERAGES		12,776	11,053	17	78	3,534
TOP 100 TOTALS AND AVERAGES		13,829	12,159	15	74	4,114

Source: Company data; *NHCN* research, *NHCN* chart

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How the Top 150 Total Sales & Top 100 DIY Sales line up

Companies	Total Sales Rank	DIY Rank
A. C. Houston Lumber	58	79
Alexander Lumber	51	NR
All American Home Center	126	58
Anderson Lumber	43	58
Babbitt Brothers	110	NR
Babcock Building Supply	122	99
Bailey Lumber	133	95
Bellevue Builders Supply	76	95
Big Tin Barn	82	NR
Boise Cascade	33	58
Braver Lumber	110	58
Brewster's Lumber	87	72
Brown-Graves	54	NR
Budget Power	110	62
Builderama	133	78
Builders Square	12	18
Builders Supply	110	NR
Busy Beaver	58	41
Calcasieu Lumber	82	NR
Carter-Jones Lumber	23	28
Causeway Lumber	80	NR
Central Hardware	17	14
Century Lumber	110	95
Champion Lumber	132	NR
Chase-Pitkin	58	42
Church's Lumber	69	50
City Mill	97	54
Cofer Brothers	124	NR
Copeland Lumber Yards	44	47
Courtesy Home Centers	58	39
Cox Lumber	66	NR
Crissey-Fowler Lumber	107	NR
Curtis Lumber	91	87
Daniels-McCray Lumber	92	NR
Diamond Lumber	16	35
E. C. Barton	88	NR
East Coast Lumber	93	NR
Eclipse Industries	74	45
Edward Hines Lumber	40	51
84 Lumber	7	9
Elk Supply	110	66
Erb Lumber	26	30
Ernst Home Centers	18	15
Evans Products	5	4
Fagen's	109	NR
Fairfield Lumber	126	NR
Forest City	28	22
Foxworth-Galbraith	36	47
Fullerton Lumber	88	87
Ganahl Lumber	82	NR
Gee Lumber	129	72
General Building Products	76	79
General Building Supply	97	99
Gerrity Building Centers	29	NR
Goodman's Lumber	75	44
Great Plains Supply	58	79
Hacienda Home Centers	133	66
Haddonfield Lumber	108	NR
Hancock Company	97	87
Handy Andy	37	29
Handyman	22	19
Hayward Lumber	121	NR
Hechinger	9	8
Herndon Lumber	122	NR
Hill-Behan Lumber	39	46
HomeClub	19	16
Homecrafters Warehouse	27	26
Hughes Lumber	141	84
J. T.'s Home Centers	97	NR
Kempsville	97	NR
Knox Lumber	35	27
L&P Building Supply	97	NR
Lampert Lumber	47	43
Lampert Yards	97	87
Lanoga	14	21
Levy's Lumber	129	71
Lezzer Lumber	97	84
Lloyd Home & Building Centers	38	34
Lowe's Cos.	1	3
Lyman Lumber	50	NR
M. G. Building Materials	65	66
M. L. Claster & Sons	97	84
Mack Industries	51	NR
Manis Lumber (Wheeler's)	133	NR
Martin Home Centers	133	NR
Masten Lumber	110	NR
Mayfield Building Supply	95	NR
McCoy's	25	23
Meeks Building Centers	45	53
Menard's	13	13
Mid-Cape Home Centers	76	NR
Millard Lumber	126	NR
Mr. Goodbuys	40	31
Mr. HOW Warehouse	19	17
Nassau Suffolk Lumber & Supply	139	NR
National Home Center	73	72
National Lumber & Supply	32	24
National Lumber	69	NR
Neiman-Reed's Lumber City	54	40
O'Malley's	34	51
Olshan Lumber Company	143	87
Panning Lumber	110	NR
Parr Lumber	68	NR
Pay 'N Pak	15	11
Payless Cashways	3	2
Pergament Home Centers	23	20
Peter Kuntz	67	56
Ply-Marts	93	NR
Plywood Minnesota	96	70
Plywood Ranch	150	NR
Ray Lumber	58	NR
Rickel	11	10
Rigg's Supply	97	55
Robertson Companies	143	NR
Sackett & Peters	129	62
San Diego Glass & Paint	146	87
Scherer Brothers	69	NR
Scott's	150	NR
Scotty's	10	12
Seacoast Building Centers	48	NR
Seigle's Home & Building Centers	85	NR
Spahn and Rose Lumber	133	NR
Stambaugh-Thompson	57	38
Standard Supply & Lumber	110	NR
Star Lumber	69	62
Stevenson Lumber	88	NR
Stine Lumber	139	79
Stripling Blake Lumber	76	NR
Strober Brothers	40	56
Supply One	149	95
Sutherland	8	7
T. H. Rogers Lumber	124	79
TAPJAC Company	141	NR
Terry Companies	46	87
The Home Depot	6	5
The Paty Company	82	66
Thurman Industries	143	72
Triangle Building Centers	110	65
Valu Home Centers	51	36
W. R. Grace	2	1
Walker-Kurth Lumber	148	NR
Warners True Value	81	49
West Building Materials	19	25
Westlake Ace Hardware	49	37
Weyerhaeuser	31	33
Wickes Companies	4	6
Williams Brothers	56	72
Wolf Supply	58	72
Wolohan Lumber	30	32
Woodbury and Sons	110	NR
Ziegler Building Centers	147	87

Subsidiaries are ranked by parent companies
NR—not ranked

Coming in the May 19 issue of *National Home Center News*—The *NHCN* Annual Census of the Home Center Industry... Part Two

Perspectives

annual report

'Gang of Four' sets pace in warehouse market race

By Milford Prewitt
NHCN staff editor

NATIONAL REPORT — Like the 1,500-meter trackman whose sprinter's kick falters on the home stretch, the warehouse phenomenon is beginning to slow down.

The head-to-head, two-year spurt that saw warehouse operators put units in all but four of the top 50 metropolitan markets by last year, is now a race led by the proverbial Gang of Four—Home Depot, Mr. HOW Warehouse, Builders Square and HomeClub—whose stores this year will account for 76% of all home center warehouse units in the nation if current projections hold.

But dotting the sidelines in increasing numbers are former competitors who have given up or are giving up the warehouse race to become spectators.

First, the total number of companies that operated warehouse units increased by one, from 18 to 19, even though some players were replaced by others during the course of the year.

Of the 223 warehouse units home center companies said in 1984 they would be operating by 1985, 206 actually made it.

So while the number of warehouse stores increased from 45 units to 122 between 1983 and 1984, a growth rate of 170%, last year's store count grew by 69%, with 84 new units.

New entrants on the warehouse scene

While the blowout race started by Home Depot in 1979 may now be slower and different in character, a few new players still entered the track in 1985. Others are expected to come on board in 1986.

DIY Home Warehouse—a chain formed from a partnership between Erb Lumber, Birmingham, Mich., and Eclipse Industries, St. Louis—opened two 90,000-sq.-ft. facilities in Cleveland and projects a third in 1986. Handy Andy, which has never operated warehouse stores, is expected to open three this year, having recently opened its first in Milwaukee.

Another new player was National Home Center. The rural northwest Arkansas-based company had operated three 18,000 to 30,000-sq.-ft. outlets, but opened a 280,000-sq.-ft. complex in North Little Rock, Ark.

Some seasoned veterans in the race are looking to double their warehouse presence. Pergament on Long Island operated four warehouse units last year, and is expecting to build four more in 1986. W.R. Grace's Home Quarters Warehouse expects to add three more stores this year to have a six-unit chain.

But others abandoned the warehouse concept

Although last year's store count was 84 units more than 1984's final tally, the number tells only part of the story because a number of companies abandoned the race at various stages of 1985.

Six companies jettisoned 22 warehouse stores at some point during 1985; Homecrafters Warehouse, currently in Chapter 11, alone closed 13 warehouses literally on the last day of 1985. These stores are currently in limbo, and aren't being operated.

Indeed, warehouse expansion was strong last year, but contraction happened simultaneously.

Other companies that are stepping away from the warehouse concept either totally or partially include Hechinger, which recently announced it would build no further warehouse stores and instead roll-out a new prototype.

Also, Forest City, early last year sold its five Chicago stores to Mr. HOW.

Lindsley has chosen to pursue a new merchandising approach that de-emphasizes lumber and building materials, and Sutherland closed its several Housemart warehouse stores.

But warehouse retailing has had a lasting impact even on more traditional operators. In borrowing aspects of the warehouse approach, these companies are blurring the very definition of how a warehouse looks and operates in 1985.

New twist to warehouse concept

At one time, the conventional wisdom was that a warehouse home center had 60,000 to 100,000 sq. ft. of selling space, relied on one-step distribution, featured H-frame racking, stocked 20,000 to 30,000 sku's and expected low margins but good turns to gross more than $1 million a month. "Bare bones" was the polite way to describe them, and perhaps the Gang of Four chains represent the truest adherents to the conventional practice.

But a few chains have blurred the definition.

While Forest City, Pay 'N Pak, Mr. Goodbuys, Scotty's and others are borrowing a few warehouse characteristics in some new locations, prototypes or retrofits, these companies are also mixing it up with various standard practices such as traditional margins, more esthetic racking and layout and internal distribution.

In fact, one industry analyst wondered out loud if Pay 'N Pak, which describes its 36 warehouse-style stores as "mini-warehouses," can legitimately fit into the warehouse definition.

The future belongs to the mighty

If projections for new warehouses and their derivations come true, about 90 new warehouse units will go up in 1986, increasing the total warehouse unit count 41% to an estimated 291 from 206.

Eight out of 10 of these stores will belong to the Gang of Four. Of this number, one in two will bear Builders Square's logo. The K mart subsidiary, based in San Antonio, is literally projecting plans to build a store a week this year.

Builders Square is expecting to open 50 new stores, and grow to 80 units from 30.

HomeClub, which in a pattern reminiscent of Builder's Square adoption by K mart, will rely on its new corporate parent Zayre—which purchased the chain for $151 million last year—to fuel an expansion drive that is expected to double its store count to 36 units this year.

Mr. HOW Warehouse, which was rife with rumors in 1985 that Service Merchandising, its parent, wanted to sell it, is calling for store growth from 27 units to 40.

Profitability questions

Home Depot, the only member of the Gang of Four without a lucrative corporate parent, will have the smallest store expansion, going to 59 units from 50. The company late last year abandoned plans to open nine stores in Detroit.

Despite their high volumes and big growth plans, the warehouse chains had rough sledding last year from a profit standpoint, which may affect their long range ability to expand. HomeClub lost $3.8 million in sales; and earnings at Home Depot dropped 46%, partially attributed to expenses incurred from opening new stores.

Builders Square's numbers aren't broken out by K mart, but some analysts, manufacturers and retail executives question the chain's profitability. And Mr. HOW's losses continue to haunt Service Merchandise, and are behind much of the talk about their wanting to place the chain on the selling block.

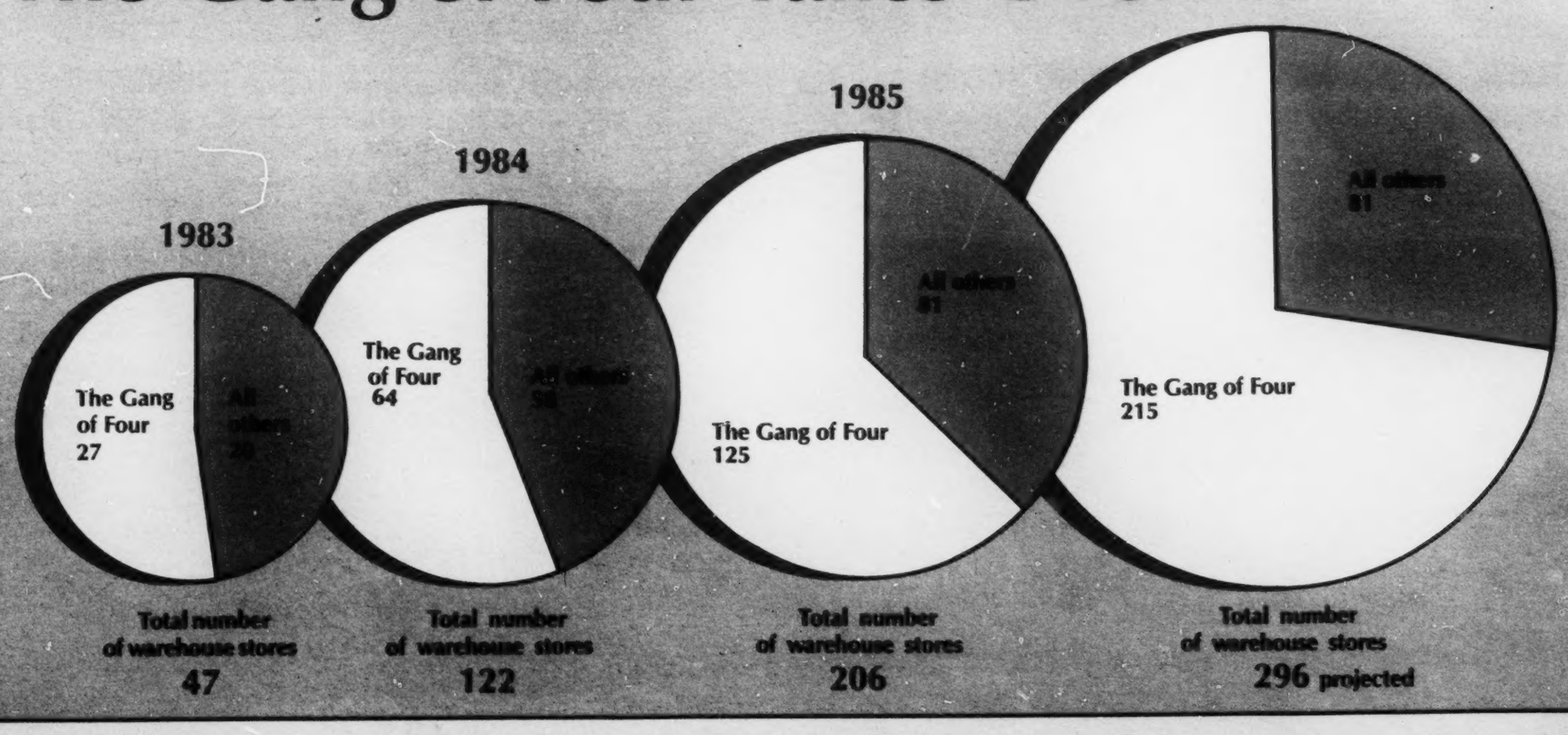
Total number of warehouse stores 1984-1986

Store	1984	1985	1986
Home Depot	31	50	59
Builders Square	15	30	80
Mr. HOW	12	27	40
HomeClub	6	18	36
Homecrafters	9	13	0
Grossman's	12	12	13
Pergament	4	8	14
Mr. Goodbuys	6	8	14
Hechinger	1	8	4
Pay 'N Pak	1	5	5
Moore's	4	5	5
Lindsley's	4	4	2
Houseworks	6	4	4
Home Quarters Warehouse	0	3	6
Housemart	2	3	0
Supply One	2	3	4
Busy Beaver	0	2	2
DIY Warehouse	0	2	3
National Home Center	0	1	1
Forest City	5	0	1
Builder's Emporium	1	0	0
Handy Andy	0	0	3
Rickel	1	0	0
TOTAL	122	206	296

Source: Company data; *NHCN* research, *NHCN* chart

The Gang of Four Takes Over 1986

Since 1983, the Gang of Four's (Builders Square, HomeClub, Mr.How and Home Depot) piece of the warehouse pie has steadily grown to the point that by 1986, the four major warehouse chains will operate three of every four warehouse stores in the nation. Despite the increase in the number of stores overall, the Gang of Four's dominance is due less to their expansion, but more to other chains abandoning the format.



Source: Company data; *NHCN* research, *NHCN* chart

Perspectives

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Wholesale buying groups turn in a 'tough' good year

By John Caulfield
NHCN staff editor

NATIONAL REPORT — "The toughest good year our company has ever gone through," was the way 1985 was described by Richard Ingram, dealer services president for Builder Marts of America, the Greenville, S.C., dealer services group. Gary Cosgrave, president of Pro Hardware, the 16-wholesaler marketing group, added that last year "was a year of change; that's putting it mildly."

Bad weather, weak farm and oil economies, and a shrinking dealer base all contributed last year to the strain placed on wholesale buying organizations to keep pace in the home improvement industry.

In total, the 18 leading hard-

(Continued on page 40)

Wholesalers buying groups

Rank	Company	Sales (mil. $) '85	Sales (mil. $) '84	%chg.	No. of wholesalers '85	No. of wholesalers '84	Affil. dealers/ total customers 1985 (1984)	% of home centers 1985	Wholesaler warehouses '85	Wholesaler warehouses '84	Aggregate Inv. (mil. $) '85	Aggregate Inv. (mil. $) '84	Sku's 1985	No of. employees '85	No of. employees '84	Advertising: corporate wholesaler 1985
1	**Liberty Distributors,** Des Plaines, Ill.	859	896	(4.1)	23	24	2,835/32,000 (2,502/32,000)	35	52	52	115	118	36,000	43	42	$3.4 mil./ $1 mil
2	**Associated Building Materials,** Green Valley Ariz.	750	750	—	50	48	none/25,000 (none/25,000)	80	94	95	NA	NA	NA	4	4	NA
3	**Pro Hardware,** Stamford, Conn.	703	658	6.8	16	16	5,325/18,000 (5,100/18,000)	38-40	27	27	105	105	22,000	26	26	$3 mil./ $1 mil.
4	**Sentry Hardware,** Chicago	550	520	5.0	12	12	NA/4,800 (NA/4,800)	NA	20	20	NA	NA	NA	9	9	$7 mil./NA
5	**Allied Hardware Services,** Chicago	490	440	11.0	29	29	6,500/19,500 (6,300/19,200)	6	32	30	57-61	53-58	22,500	6	6	$185,000/ $400,000
6	**ValTest Distributors,** Chicago	425	400	6.0	32	32	900/6,500 (900/5,000)	15	42	44	40	40	13,500	9	9	$80,000/ $600,000
7	**Associated Hardware, Buyers,** Gainesville, Ga.	130	130	—	23	24	NA	NA	23	24	NA	NA	NA	4	4	NA

The Top Hardware, Lumber & Building Materials Buying Groups

Rank '85	Rank '84	COMPANY	SALES Total sales (mil. $) '85	SALES Total sales (mil. $) '84	SALES % chg.	SALES Lumber & Building mat'ls as a % of sales '85	SALES Lumber & Building mat'ls as a % of sales '84	STORES Dealer stores '85	STORES Dealer stores '84	STORES No. of home centers '85	STORES No. of home centers '84	STORES HC sales as % of total '85	STORES HC sales as % of total '84	INVENTORY ANALYSIS No. of warehouses (tot. sq. ft.) 1985	INVENTORY ANALYSIS Min./max. inventory (mil. $) '85	INVENTORY ANALYSIS Min./max. inventory (mil. $) '84	INVENTORY ANALYSIS Stock keeping units '85	INVENTORY ANALYSIS Stock keeping units '84	INVENTORY ANALYSIS Sales to inventory ratio '85	INVENTORY ANALYSIS Sales to inventory ratio '84	INVENTORY ANALYSIS % of sales from drop shipment '85	INVENTORY ANALYSIS % of sales from drop shipment '84	CHARGES % charges to dealers out of: • warehouse • pool relay • drop ship '85	CHARGES '84	EMPLOYEES No. of employees 1985
1	1	**Cotter & Co.,** Chicago	1,700	1,640	3.7	5.3	5.3	7,000	7,000	1,500	1,500	30	30	13 (5.07 mil.)	169	160	32,000	28,000	4.9	4.9	25	30	5-15 6 2	5-12 6 2	3,500
2	2	**Ace Hardware,** Oak Brook, Ill.	1,009	926	8.7	5.0	5.0	4,710	4,640	1,600	1,594	41	40	12 (4.3 mil.)	105-145	85-150	39,000	38,000	5.4	5.5	32	33	10 6 0-2	10 6 0-2	2,100
3	3	**Hardware Wholesalers Inc.,** Fort Wayne, Ind.	688	637	8.1	30.0	30.0	2,650	2,500	1,600	1,552	50	50	4 (1.7 mil.)	46-55	48-53	35,000	35,000	13.0	11.0	54	50	no adder up depending on cost of handling		670
3	4	**American Hardware Supply,** Butler, Pa.	688	619	11.2	29.9	28.4	3,700	3,800	1,405	1,420	40	41	5 (1.7 mil.)	53-63	47-59	34,000	30,000	5.0	4.7	26.8	27.0	5-15 10 0-3	5.15 10 0-5	903
5	5	**Lumbermen's Merchandising Corp.,** Wayne, Pa.[1]	658	548	20.0	80.0	80.0	550	550	50	50	45	45	None	—	—	—	—	—	—	—	—	—	—	110
6	6	**Builder Marts of America,** Greenville, S.C.[2]	555	498	11.4	75.0	75.0	1,610	1,359	240	140	10	10	None	—	—	—	—	—	—	—	—	—	—	185
7	7	**Coast-to-Coast,** Minnetonka, Minn.[3]	313	310	1.0	NA	NA	1,075	1,079	NA	NA	10	10	3 (1.1 mil.)	50	50	28	28,000	NA	NA	10	10	NA	NA	900
8	9	**Central Builders Supply,** Sturgis, Mich.	157.8	122.0	29.3	100	100	508	400	125	75	80	60	None	—	—	—	—	—	—	—	—	—	—	41
9	10	**ENAP,** Newburgh, N.Y.	148	113	30.9	100	100	118	115	89	62	85	80	None	—	—	—	—	—	—	—	—	—	—	32
10	8	**Allied Building Stores,** Monroe, La.	123.0	140.0	(12.1)	80	80	150	150	25-30	20-25	25	20	1 (65,000)	1.2	1.2	4,500	4,500	10	10	92	90	4.5 NA 8	6 NA 15	50
11	13	**Progressive Affiliated Lumbermen's,** Grand Rapids, Mich.	100.4	87.0	15.4	100	100	191	176	189	100	95	80	None	—	—	—	—	—	—	—	—	—	—	15
12	NA	**Philadelphia Reserve Supply,** Croydon, Pa.	100.0	80.0	25.0	100	100	180	165	144	132	70	70	2 (90,000)	1.8-3	1.8-3	6,000	6,000	6.0	6.0	75	75	17-20 8-10 2.5	17-20 8-10 2.5	10
12	11	**Our Own Hardware,** Burnsville, Minn.	100.0	105.0	(4.8)	10-12	11.5	996	1,000	425	400	35-40	35-40	2 (710,000)	14-17	17-22	35,000	35,000	5.3	5.1	32	30	7-11 6 2	7-11 6 2	305
14	12	**United Hardware Distributors,** Minneapolis	93.0	91.0	2.2	NA	NA	544	550	30	30	5	5	1 (420,000)	10-15	10-15	33,000	33,000	5.1	5.1	12-13	13	2-11 6 1	7-11 6 2	280
15	NA	**Independent Builders Supply Association,** Smithfield, N.C.[4]	72.6	59.9	21.0	85	85	91	85	64	NA	60-70	60-70	None	—	—	—	—	—	—	—	—	—	—	9
16	15	**Gamble's,** Minneapolis[5]	51.0	53.0	(3.0)	7.0	7.0	700	800	200	250	55	65	2 (400,000)	10-17	11-15	20,000	20,000	4	4	8	8	NA NA NA	NA NA NA	225
17	16	**Handy Hardware Wholesalers,** Houston	43.0	46.0	(6.5)	20	20	546	504	135	135	25	25	1 (100,000)	5-6	5-6	19,000	19,000	6.01	5.74	23.0	25.0	9 5 1	9 NA 1	114
18	17	**Connecticut Hardware Co.,** Cromwell, Conn.	9.4	9.0	4.6	none	none	52	50	5	5	5	3	1 (35,000)	1-1.3	0.7-1.1	30,000	29,000	6.2	7.0	35	25	NA NA NA	NA NA NA	16

[1]ELMCO's totals are *NHCN* estimates
[2]Builder Marts is an employee-owned dealer services organization
[3]Coast-to-Coast supplies franchised dealers. On Dec. 31, 1985, the company was acquired from Household International by HMI Holding Inc., an investment group. The above figures are unaudited.
[4]IBSA has 61 dealer-stockholders
[5]Gamble's merged with Our Own Hardware January 1986
NA—not available
Source: Company data, *NHCN* research, chart

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A 'tough' good year characterizes buying groups '85

(Continued from page 37)

lines and building products buying groups generated $6.6 billion in volume, an 8.7% increase over what these same companies did in 1984. The top six companies accounted for 80% of this total.

However, these buying groups saw their dealer membership grow by only 1.7% last year to 25,356. Nearly 80% of these dealers are buying for the six largest companies on *NHCN's* annual listing.

The seven wholesaler marketing groups saw virtually flat growth in volume, at $3.8 billion, and distributor membership, at 185.

Looking for business anywhere

Many wholesaler buying groups, especially those that are hardlines oriented, would agree with Cotter & Co.'s president Dan Cotter that 1985 was "dull and flat, because the economy was in the toilet, even though no one wanted to see that."

Even at Ace Hardware, whose profits increased by 13% last year, vp-sales Bill Loftus noted, "I can't remember business being so erratic in different markets."

For wholesale buying groups and marketing firms, 1985 was a year of consolidation, cost-control and, for some loss of business, even bankruptcy, particularly for those servicing the oil and farm states.

Wholesalers attempted to capture new business any number of ways. Sentry Hardware, which moved its offices to Chicago from Cleveland last year, spent around $7 million on corporate advertising to tie dealers into the company's twenty-fifth anniversary.

Other suppliers sought to improve their services and lower their shipping costs to become more attractive as distributors to home center stores.

And a number of these were successful: Liberty Distributors, the Des Plaines, Ill., national organization, recently signed an agreement to ship hardlines to 84 Lumber, through nine of its affiliated distributors. One of ValTest Distributors' wholesalers signed up Handy Andy and Courtesy as dealers last year. Allied Hardware Services, also in Chicago, was able to sign up the Milwaukee-based Hardlines Marketing distributor, which sells to Edward Hines Lumber and 208 Wickes Lumber units.

American Hardware Supply lowered its drop-ship charges to dealers to 3% from 5% last year; Allied Building Stores reduced that charge to 8% from 15% a year ago; United Hardware Distributors cut drop ship charges to 1% from 2%.

Connecticut Hardware was able to increase its drop ship business to 35% of its total sales last year, from 25% a year ago. The company aggressively pushed drop shipment last year because it only has a 35,000-sq.-ft. warehouse "and we need to expand our drop ship business just to grow," said Victor Lukawsky, Connecticut's general manager.

Retrofit programs add dealership

Also, 1985 saw many of the hardlines buying and marketing groups getting their in-store remerchandising and remodeling programs in gear (*NHCN*, Aug. 12, 1985), in an effort to make their dealer-members more competitive with full-line home centers.

This is especially important for the buying groups, because the number of hardware dealers out there appears to be shrinking, and the wholesalers are using their programs aggressively to tie dealers more closely to the group.

Only a handful of buying groups actually increased their dealer count last year, led by Builder Marts, which added 250 retailers, and Hardware Wholesalers, Inc., which grew by 150 dealers. Central Builders Supply signed up 108 new dealer stores, while Ace Hardware added another 70.

Growth by 'attrition.'

However, the competitiveness in the market left some wreckage in its wake: Pro Hardware lost Belknap (and subsidiary Stratton Baldwin) to bankruptcy; S & T Hardware also went bankrupt, leaving Liberty with one less

(Continued on page 42)

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Tough times bring year of change for buying groups

(Continued from page 40)

member. Sullivan Hardware, in South Carolina, closed its doors, reducing Associated Hardware Buyers distributor list by one.

This trend is not likely to stop this year. "You look at the top 10 independent hardlines wholesalers, and I'd guess five or six are in financial trouble right now," said Russell Meeks, a vice president with ValTest in Chicago.

"Mismanagement in this industry has followed a pattern of too many companies trying to expand their dealer business beyond what they can handle as a fixed expense in inventory.

"I think our growth this year will primarily be from attrition," said Meeks, suggesting that some consolidation would occur.

Denver Reserve Supply went under after 57 years of business; Reserve Supply in Minneapolis, formerly a dealer-owned hardlines co-op, went private when it was purchased by API Supply. Coast to Coast was purchased last Dec. 31 from Household International from HMI Holding Inc., an investment group that includes former management, the Bass Brothers group and Donaldson, Lufkin and Jenrette.

Some wholesalers joining forces

Perhaps the most prominent signal of what some buying groups must do to stay in business was the merger of Our Own Hardware and Gamble's late last year (*NHCN*, Jan. 27). Each company had been struggling, and the companies' managers believe the combination of forces will allow Our Own to offer stronger services and product assortments.

Other "mergers" included an agreement between Central Builders and Pro Hardware to supply each other's dealers with, respectively, building products and hardlines. Progressive Affiliated Lumbermen's set up a similar arrangement with L.G. Cook, one of Liberty's distributors.

"We're trying to compete with the big boys, but we had to be able to offer a fuller range of merchandise to expand our dealership," said PAL's general manager Bill Danzig, who estimated his company's volume could increase by $6 million to $8 million this year just from this agreement.

While it is unlikely that the nation's farm and energy dilemmas are going to solve themselves this year, most wholesalers appear to be optimistic about increasing their sales and profits in 1986, based on what for many was exceptional growth in the first quarter.

More optimism about 1986

"Business, as we've discovered, is not going to walk in the front door by itself anymore," said Laddie Woods, president of Allied Building Stores, whose sales dropped 12% due to Louisiana's depressed economy. "But in some of our markets, profitability was surprisingly good, and I'm finding a lot of enthusiam among our dealers about getting new business this year."

> *'After 2½ years of this [farm economy] crap, I believe people are about ready now to start fixing things up again'*
>
> **—Merl Heggestad,** *vp-marketing, United Hardware Distributors*

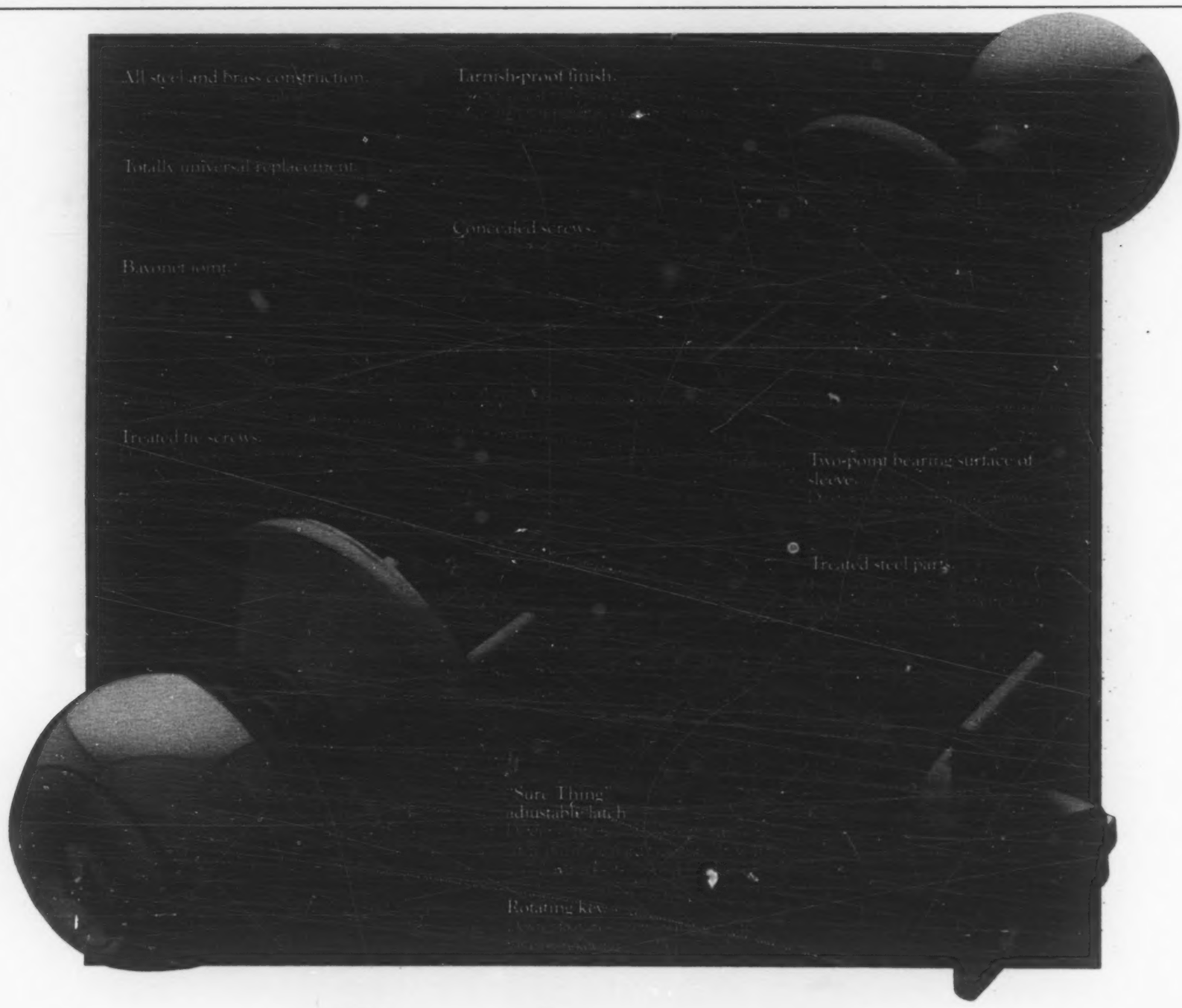
"After 2½ years of this crap, I believe people are about ready now to start fixing things up again," added Merl Heggestad, vp-marketing for United Hardware Distributors.

Indeed, buying group executives report phenomenal growth in the first three months of this year. For instance, BMA did $67.5 million in business at its three-day dealer buying show in February, compared to $51 million a year ago, and its sales in January and March were up 50% and 25%, respectively.

Cotter said his co-op's dealer signups so far this year were "significantly higher" than the same period a year ago, prompting the company to project an 8% sales gain in 1986.

Liberty, according to its president Bill Hooten, plans to increase the number of promotions its offers wholesalers to 11 this year, from 9 in 1985 when it distributed 37 million sales circulars. Pro Hardware and Our Own are two of several buying groups anticipating greater participation in their respective store retrofit and remerchandising programs this year, with Our Own projecting that 25 more dealers will convert to its "How-To" format.

Even Handy Hardware Wholesale, 55% of whose dealers are within a 100-mile radius of a depressed Houston market, is setting in motion its plans to construct a new 200,000-sq.-ft. warehouse to facilitate more growth over the next few years.



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Lowe's breaks $2 bil. sales mark in '85

By an NHCN staff editor

NORTH WILKESBORO, N.C. — Despite a 3% decline in earnings, from $61.4 million in 1984 to $59.7 million last year, Lowe's had a strong 1985. Total sales were up 23%; comparable store sales rose 10%.

The North Wilkesboro, N.C.-based company recorded $2.072 billion in sales in 1985, the first home improvement company to break the $2-billion sales mark.

"It was the second greatest year in earnings," asserted Cliff Oxford, vp-corporate relations, who added that 1985 also marked Lowe's largest acquisition, 25 former Boise-Cascade stores.

In 1984, Lowe's chairman Bob Strickland said 1985 would be an investment year for the industry's number one company. It was.

Lowe's opened its distribution center in Atlanta and added 38 new units. It also closed its four stores in Houston, completely withdrawing from that market.

By the end of 1986, Lowe's projects it will have 300 units.

Last year, Lowe's recorded a 22% increase in the company's total square footage, from 2,982,959 sq. ft. in 1984 to 3,641,762 sq. ft. in 1985.

Again, retail sales exceeded those for the company's builder business. Of the $2.072 billion total sales, 52%, or $1.087 million, were in retail sales, an increase of 23%. Sales to professionals rose 22% in fiscal 1985.

The fiscal year 1985 ended with some other outstanding changes at Lowes, namely the early retirement of Ross Burgess, executive vp-gmm, and the resignation of Clayton Griffing, senior vp-finance, which preceeded a realignment of the company's top management, and the promotion of Wendell Emerine to executive vp.

Grace puts retail group on selling block

By an NHCN staff editor

NEW YORK — W. R. Grace ended 1985 with the surprise announcement that it was putting its entire 660-unit retail group—including its 319-unit home center division—on the selling block.

Overall, W.R. Grace's home centers—operating under the Channel, Ole's, Orchard Supply Hardware, Home Quarters Warehouse, House Works, Allwood, Cashway, Handy City and Handy Dan names—suffered last year, hurt by heavy competition and discounting.

In 1985 Grace's home centers' posted a 6% increase in sales to $1.394 billion from $1.309 billion last year.

Grace ended the year with six fewer units than it had at year's end in 1984, reflecting intense market competition.

Grace decided to sell the retail group as part of a company restructuring after it paid $595.5 million to buy back 13.6 million shares of its common stock, a 26% stake, from Deutsche Bank, West Germany's largest bank.

On April 9, 1986, Grace told a meeting of chemical industry analysts that it intends to sell a major part of its retail business to a group headed by financiers David Mahoney and Harold Geneen for some $500 million.

Grace made several key personnel moves at the divisional level in 1985. At San Jose, Calif.-based Orchard Supply Hardware, Thomas Thornton Jr. was promoted to president and ceo on Sept. 1, replacing Loren Smith, who became chairman.

At Grace Home Centers West, Sean F. Lee was named president and ceo on Oct. 31, replacing Harvey G. Knell, who became chairman.

On Feb. 28, Grace rolled out its two-unit Home Quarters Warehouse project and spent the balance of the year fine-tuning the "R & D" project headed by HQ President Frank Doczi.

Ole's debuted a large-store prototype called "Ole's Plus," a 60,000-sq.-ft. superstore which opened in Claremont and Riverside, Calif., and Las Vegas, Nev.

Payless rebounds; sales up 18% in '85

By an NHCN staff editor

KANSAS CITY, Mo. — Payless Cashways rebounded from its weak earnings performance in 1984 when net income fell 9%. Last year, Payless' earnings rose 3% to $38 million on sales of $1.39 billion, representing an increase of 18%.

That volume figure places Payless as the third largest home improvement retailer in the industry, just a hair behind W. R. Grace's home center division.

The 169-unit company built and opened 14 new stores last year, purchased four Kansas City-based stores from Handy Dan and initiated a program to renovate seven Indianapolis units and the distribution center there.

In total the company made $83.5 million in capital expenditures (down from $98.5 million in 1984), with $43 million of that coming from a 2.3 million share stock offering the company made in February. Payless has announced plans to open 12 stores in 1986, including its first entry into Arkansas and New Hampshire.

Company closes first store

But the company also closed six stores last year in Iowa, Minnesota, Denver and Tucson, Ariz. In December, Payless sold off five smaller stores in Iowa and Minnesota to United Building Centers, Lanoga's midwestern chain. And in 1986, the company plans to open 12 new units, but it is also consolidating its market coverage in Denver and Tucson, Ariz., by closing units and moving into larger, more strategically located stores.

A typical Payless unit is now 27,000 sq. ft. of inside selling space and 45,000 sq. ft. of outdoor lumberyard. The chain's average sales per store rose to $8.1 million from $7.5 million in 1984 (excluding units that were closed last year), or $301.30 per square foot, versus $293.87 the previous year.

Payless went through a series of management changes last year, some with possible long-range implications. Last May, long-time executive Harlon Seats left the company, disgruntled at his apparent reduction in responsibilities following the hiring of John Herron as the company's executive vp-operations. Seats was named president of Dallas based Diamond Lumber in January.

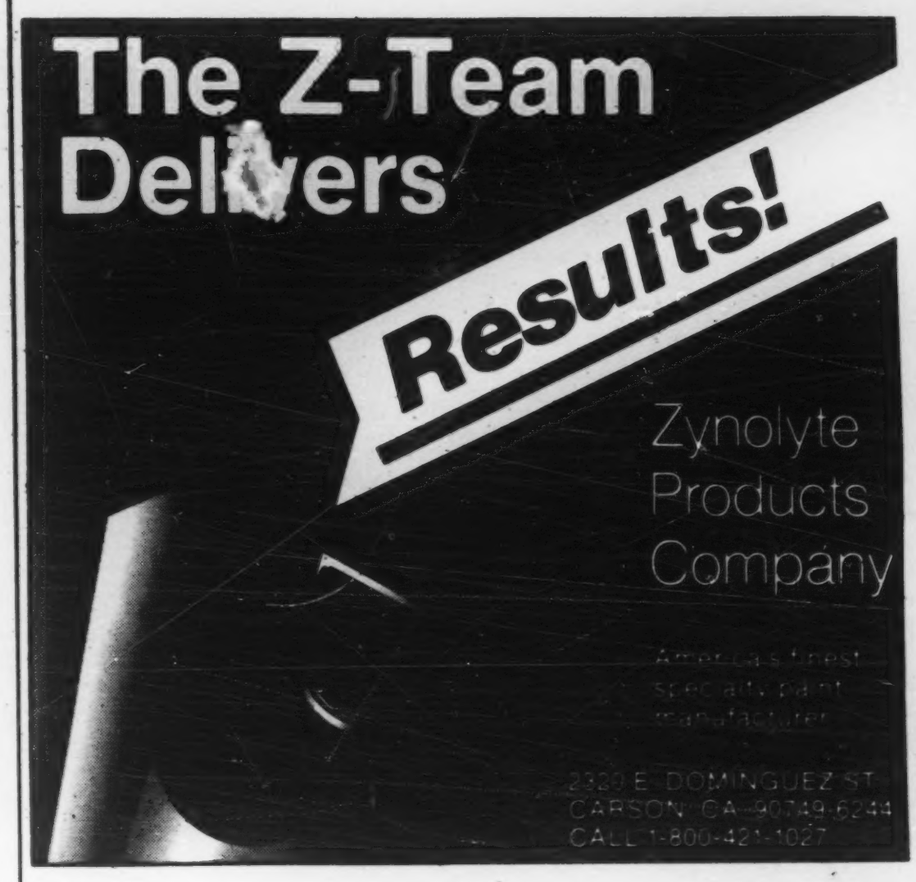
Herron was charged with improving Payless' "execution" and "discipline," two things David Stanley—who was promoted to the office of chairman by the company's board of directors—felt the company was lacking in 1984. Herron and Stanley spoke of "new systems" that were to be installed into the company that essentially would focus on a greater degree of centralization for the chain's merchandising and operations.

Payless took steps last year to protect itself against an unfriendly takeover by changing some of its articles of confederation.

From a merchandising and marketing standpoint, Payless made a number of significant changes last year, including the expansion and improvement of its kitchen and bath department chainwide to mirror the presentation made at Somerville Lumber, its Massachusetts-based subsidiary that alone did $93 million in volume last year, $48 million out of its flagship store.

In addition, Payless also expanded its lawn and garden selection in several of its Sunbelt units, particularly in Phoenix and in its Lumberjack units in California.

Payless also continues to be the biggest spender for television advertising in the industry. Last year, its stores spent more than $6 million on TV, 11% higher than in 1984.



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Top Gainers in $ of Total Sales		
Rank	Company	Sales Increase (Mil $)
1	Lowe's Cos., North Wilkesboro, N.C.	383
2	The Home Depot, Atlanta	268
3	Payless Cashways, Kansas City, Mo.	210
4	Mr. HOW Warehouse, Margate, Fla.	198
5	HomeClub, Fullerton, Calif.	180
6	Builders Square, San Antonio	175
7	Wickes Cos., Santa Monica, Calif.	95
8	W. R. Grace, New York	85
9	Hechinger, Landover, Md.	74
10	Menard's, Eau Claire, Wis.	65
11	Sutherland, Kansas City, Mo.	53
12	Erb Lumber, Birmingham, Mich.	40
—	Mr. Goodbuys, Philadelphia	40

Source: Company data; *NHCN* research, *NHCN* chart

Evans enters Chapter 11 in '85 after topping $1 billion in 1984

By an NHCN staff editor

MIAMI — Last year will be remembered as the most turbulent in the history of Evans Products Co.

After the company's Retail Group went over the $1 billion sales mark for the first time in 1984, the same group went through the first three months of last year barely able to fill its shelves, as vendors stopped shipping Evans' chains because they weren't being paid.

Finally, Evans Products, with more than $700 million in debt, took several of its subsidiaries—including its retail chains—into bankruptcy. The company spent the next nine months arguing with its trade creditors and bank lenders over a viable plan for reorganization.

Several key executives—including Monford Orloff, 71, Evans' former chairman; Hank Kirschner, general manager of Evans' Lindsley chain; and Dick Daner, vp-operations of its Moore's chain—either retired or resigned to take jobs at other chains.

And because of its enormous debt, Evans was forced to sell off some of its retail assets: it sold its four Steel City units to 84 Lumber; and it either sold off or shuttered its Bargain Outlets in Wisconsin and its Alamo home centers in Texas.

Evans' retail chains—Grossman's, Lindsley, Moore's, and its California division—did experience a sales decline of 8.4% to $980 million, and may report a net loss when the company's financial numbers are released this month.

'Because of the Chapter 11 situation, the company has been compelled to cut costs that included closing many of its unprofitable stores.'

But the chain appears to have come through its travail a stronger entity. Because of the Chapter 11 situation, the company has been compelled to cut costs that included closing many of its unprofitable stores. Evans reduced its store count in 1985 by 30 units to 319. The chains have also improved their profitability from a $13 million loss in the first half of 1985 to a projected near break-even point for the year.

In addition, the company took steps to make its stores—which, in some cases, were languishing from neglect—far more competitive through improved store presentation and product assortment.

For instance, the Lindsley operation last year began retrofitting all its 43 stores, and remerchandising them to de-emphasize building products in favor of a broader hardlines and lawn and garden mix.

Several of Grossman's warehouse units have been remerchandised to feature more "decorator" items such as paint and wallpaper, that offer higher margins and appeal to a broader consumer base. And Moore's warehouse units started carrying a much wider breadth of impulse items. Its 60,000-sq.-ft. Raleigh, N.C., store is divided with "home care" merchandise on the right hand side of the store, building products on the left.

The management of Grossman's and Moore's has remained virtually intact.

And, if the recently negotiated plan for reorganization between the company and the banks finally goes through, Mike Grossman will return as president of the retail stores. Posner will lose control over the Retail Group.

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Top Gainers in % of Total Sales		
Rank	Company	(% Change)
1	Mr. HOW Warehouse, Margate, Fla.	381
2	HomeClub, Fullerton, Calif.	257
3	Builders Square, San Antonio	92
4	Mr. Goodbuys, Philadelphia	80
5	The Home Depot, Atlanta	62
6	Stevenson Lumber, Stevenson, Conn.	60
7	General Building Products, Medford, N.Y.	57
8	East Coast Lumber, East Hampstead, N.H.	54
9	Hacienda Home Centers, Albuquerque, N.M.	50
10	National Home Center, Springdale, Ark.	48
11	Triangle Building Centers, Quakertown, Pa.	43
12	Levy's Lumber, Louisville, Ky.	39
13	Eclipse Industries, St. Louis	32
–	National Lumber, Warren, Mich.	32
15	Woodbury and Sons, Glens Falls, N.Y.	30

Source: Company data; *NHCN* research, *NHCN* chart

Expansion expenses take toll on Home Depot's bottom line

By an NHCN staff editor

ATLANTA — When the roof caved in on Home Depot's West Hollywood, Fla., store last month, one might conclude that the collapse also was symbolic of the high-flying company's return to the ground in 1985.

Home Depot opened 19 warehouse home centers in 1985, and saw its revenues increase 62% to $701 million, placing the 50-unit chain sixth in total sales among all home centers. It entered southern California and Houston for the first time last year. It initiated its own "Ohio Forge" private label to give its stores more flexibility when buying import merchandise.

While these numbers and actions would be seen by most chains as superlative accomplishments, Home Depot actually had a subpar year. The chain's earnings in 1985 declined 42% to $8.2 million, as expansion-related expenses took their toll; the chain experienced its first decline in comp-store sales in the second quarter, and comp-store volume grew only 2.3% for the year; the company broke ground for its first store in Detroit, but wound up selling its property for a proposed five units in that market to Pace Membership Club a few months ago, and announced that it was scaling back its expansion plans for 1986 to only 9 stores, down from 20.

"It was a very tough year, and I'm glad it's behind us," said Ronald Brill, Home Depot's vp-finance.

Home Depot started 1985 heady and cocky, having just come off the best earnings year in its history.

In late January, the chain opened its western headquarters in Fullerton, Calif., which would serve as the launching pad for rapid expansion in the West. Such expansion included store openings in San Bernardino, Calif., and a second store in Tuscon, Ariz.

A few weeks after opening its regional office, Home Depot reopened the Bowater Home Center units in Dallas it had purchased in November 1984 for $40 million. And later in the year, the company opened its first two warehouse in Houston.

Throughout the first half of 1985, the company began beefing up its management team—hiring executives from the ranks of such chains as Builders Emporium, Dixieline and Wickes Lumber—in anticipation of nationwide store growth.

However, the chinks in Home Depot's armor began to manifest themselves—possibly coincidently—around the same time Pat Farrah, one of the chain's founding members and its executive vp, retired in late March to a life of sailing and enjoying the money he had earned from the company's seven-year growth.

Farrah is generally recognized as being the merchandising genius behind the chain's development.

The Bowater stores, even under the Home Depot mantle, continued to be problematic from a profit standpoint. And with Home Depot growing so rapidly, the cost of opening new stores was beginning to have a negative impact on the company's net income. Consequently, Home Depot's stock price on Wall Street began to slip as earnings declined.

Part of Home Depot's problem was that the chain was becoming a victim of its own success. It found itself going head-to-head against warehouse competitors such as Builders Square and The HomeClub (each currently with a corporate parent funding its growth), and that combat did little to bolster Home Depot's profitability. Last summer the chain, in one example of what competition dictated, was offering a rebate to

(Continued on page 59)

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84's high-growth expectations grounded as '85 sales drop 13%

By an NHCN staff editor

EIGHTY FOUR, Pa. — The high-flying sales and store expansion plans 84 Lumber Co. had in 1984 were grounded by reality in 1985, as the chain's sales declined an estimated 13.1% to $652 million.

A year earlier, the company's chairman, Joe Hardy Sr., announced his goal to turn 84 Lumber into a $3 billion chain by the year 2000 through acquisition and internal improvements that included massive renovation of its stores and the introduction of computerization.

The last part of the plan was completed, as the chain's stores were put on-line with its $30 million computer system, finishing off a two-year program. But while the company did buy four Steel City units in Pittsburgh from Evans Products, Hardy has yet to make the major acquisition he envisioned.

The company has retrofitted many of its stores to make them more appealing to DIY consumers. But 84 appears to be reverting again to its contractor-oriented roots. It began offering free delivery to builders, and reportedly has been beefing up its commodities inventory to attract more contractor business, from which it gets 40% of its sales (*NHCN*, Jan. 27).

The company closed a number of its stores in some western markets last year, although it increased its total store count by 10 units to 375. George Handyside, a vice president of the chain, told *NHCN* that 84 intended to open another 15 stores this year, mostly to fill in existing markets.

Of last year, Handyside said that "it's never a good year when you have a sales decline. But our margins actually rose in 1985 and, considering the competition we're up against, that was a good sign." Handyside also said that 84's net income—which, reportedly, is around 2.5% to 3% of sales—was also "healthy" last year.

Jay Bissell, the chain's controller, indicated that additional cost-cutting measures could be in the company's future to bolster profitability this year.

The company has retrofitted many of its stores to make them more appealing to DIY consumers.

Top Losers in $ of Total Sales		
Rank	Company	Sales Decrease ($)
1	Boise Cascade, Boise, Idaho.	(260)
2	84 Lumber, Eighty-Four, Pa.	(98)
3	Evans Products, Miami	(90)
4	Edward Hines Lumber, Chicago	(48)
5	Handyman, San Diego, Calif.	(41)
6	Walker-Kurth Lumber, Houston	(32)
7	Scott's, Linthicum, Md.	(25)
8	Busy Beaver, Pittsburgh	(23)
9	Big Tin Barn, Diboll, Tex.	(18)
10	Calcasieu Lumber, Austin, Tex.	(14)
11	Great Plains Supply, St. Paul, Minn.	(13)
–	Stripling Blake Lumber, Austin, Tex.	(13)
13	Lanoga, Seattle	(9)

Source: Company data; *NHCN* research, *NHCN* chart

Growth takes toll on Depot's bottom line

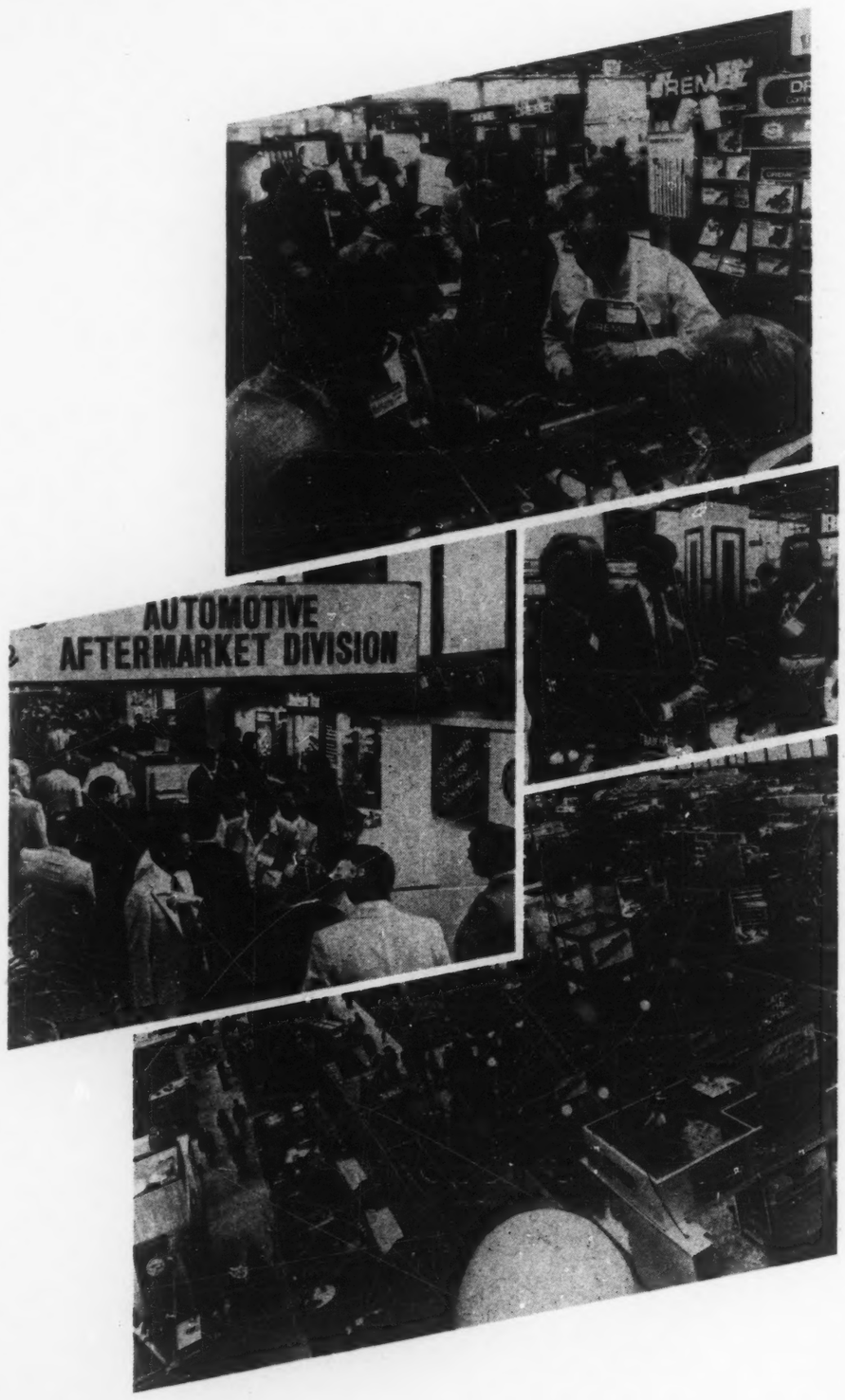
(Continued from page 54)

all Houston consumers who purchased four gallons of Glidden paint. Builders Square had dropped its price on that brand to $2.97 per gallon.

At any rate, Home Depot has taken what most analysts considered to be a responsible action to, at least temporarily, pull out of its Detroit store plans and reduce its expansion drive this year, and concentrate more on improving its earnings.

However, even a more conservative Home Depot will be a formidable player in the home center market, and it is still the only warehouse chain in the business that has shown it can consistently make money operating this kind of format.

The company also appears to have the confidence of investors, despite its earnings problems last year, which bodes well for the chain being able to raise capital through future stock offerings to expand over the next several years.



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Top Losers in % of Total Sales		
Rank	Company	% Change
1	Boise Cascade, Boise, Idaho	(67)
–	Walker-Kurth Lumber, Houston	(67)
3	Scott's, Linthicum, Md.	(66)
4	Plywood Ranch, Braintree, Mass.	(38)
5	Samon's DIY Centers, North Salt Lake, Utah	(37)
6	Edward Hines Lumber, Chicago	(35)
7	L-P Home Centers, Costa Mesa, Calif.	(33)
8	Big Tin Barn, Diboll, Tex.	(30)
9	Busy Beaver, Pittsburgh	(28)
10	Robertson Cos., Grand Forks, N.D.	(26)
–	Martin Home Centers, Alexandria, La.	(26)
12	Calcasieu Lumber, Austin, Tex.	(25)
13	Stripling Blake Lumber, Austin, Tex.	(23)
14	Great Plains Supply, St. Paul, Minn.	(18)

Source: Company data; *NHCN* research, *NHCN* chart

Hechinger's '85 marked by expansion

By an NHCN staff editor

LANDOVER, Md. — 1985 was a learning year for Hechinger Co.

It learned that its stores and name could be accepted outside of Washington, D.C. Hechinger opened 10 new units in 1985, all 60,000 to 80,000 sq. ft., in new markets such as Rochester, N.Y.; Pittsburgh; Deptford, N.J.; Greensboro, N.C.; and Columbus, Ohio.

But Hechinger also learned that the strengths upon which it traffics in the nation's capital don't automatically translate into dollars and cents elsewhere. While the company's sales and earnings growth was still ahead of most of the other chains in the industry, it was below the company's expectations.

As part of its education last year, Hechinger learned by trial and error that opening warehouse-style home centers, which made up the bulk of its expansion, did not produce the earnings the company was used to. Several weeks ago, company officials announced that the company would be getting away from the warehouse concept, would be taking the word "warehouse" off the front of its stores and would be spending $16 million to remodel the entire 54-unit chain to something called the "New Hechinger" that calls for larger units with more of a fashion setting (*NHCN*, April 21).

Last year, Hechinger's revenues rose 18% to $479 million, and net income increased 10.9% to $23.1 million. The company's sales rank Hechinger ninth among home center operators.

Hechinger, which has traditionally been one of the home center industry's most profitable chains, shook that industry up in late 1984 when it announced its plans to expand as far west as Ohio, and as far north as New York, and as far south as North Carolina.

On June 17, the company made a 5-to-4 stock distribution that was expected to raise $28 million to finance the opening of 28 stores over the next two years.

Hechinger's growth plans do not appear to be abating, as it has already announced its intentions to open another 12 units in 1986. However, company officials were unsatisfied with the performance of its warehouse units, and have since scuttled any future warehouse growth in favor of

(Continued on page 62)

Sutherland closes HouseMart units; 1985 sales up 10%

By an NHCN staff editor

KANSAS CITY, Mo. — Sutherland Lumber Co., the 85-unit chain here, weathered the depressed economic conditions in the Midwest and saw its sales increase by 10% to $578 million in 1985, according to *NHCN* estimates.

However, the company decided last year to close its HouseMart warehouse units in Indianapolis and Tulsa, Okla. The 100,000-sq.-ft. stores "simply had too much space for the amount of inventory we sell," said Craig Sutherland, an executive with the chain.

He noted as well that Sutherland officials "came to the conclusion that the warehouse concept just doesn't work, especially within our format." The first HouseMart store was opened in September, 1983.

But with the HouseMart closings, it appears the company experienced flat store growth in 1985. And this year, the chain is already anticipating increased sales as a result of lowered interest rates. "I believe the recent purchasing and refinancing activity going on because of the interest rate drop presents a business like ours with some good opportunities," said Craig Sutherland.

While the company claims to get 100% of its sales from cash and carry purchases, Sutherland's is reputed to get a sizable amount of its volume from small contractors, whose business should increase if homebuilding and remodeling expand.

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Scotty's unveils new expansion plans; experiences 7% total sales gain in '85

By an NHCN staff editor

WINTER HAVEN, Fla. — Once referred to as "Sleepy Scotty's" for its very conservative views toward expansion, merchandising and fiscal matters, the industry's fifth largest chain in total selling area directed its energies last year to repositioning itself to compete better in Florida, one of the most competitive markets in the nation.

For calendar 1985, the retailer experienced a gain of about 7% in total sales to $473 million, causing the company to slip a couple of notches on *NHCN's* Top 100 list to 10th place. However, the modest sales increase masked a year of almost revolutionary changes at the company, which opened 14 net new stores to end the year with a total of 124 units.

Foremost of those changes was the unveiling of a new store format that dramatically increased indoor, air conditioned selling space and offered customers a wider selection of 14,500 stock keeping units, about double the skucount at older Scotty's stores.

Expansion last year consisted of remodeling six stores to the new format as well as adding 12 smaller hardware units. Scotty's Hardware stores, used to penetrate smaller markets and to fill in around larger Scotty's stores in metropolitan areas, were so successful that the company plans to open six more by June and to have as many as 75 of these outlets by 1990.

Scotty's invested heavily in improving operational efficiencies last year by expanding its central warehouse distribution facility and bringing on line a new $15 million data processing system.

There was also a transition of power among Scotty's top management people during 1985. Dennis Stults, a 25-year veteran of the company, was elected president in April, succeeding Ray Cooney, who was named vice chairman. Also a number of younger executives were promoted or were given wider responsibilities. Richard Martineau, 34, treasurer and chief accounting officer added responsibility for data processing and Kevin Fitzgerald, 41, director of purchasing was given additional responsibilities for manufacturing, warehousing and transportation.

In 1986, Scotty's plans to retrofit old stores and add a total of some 11 full-line home centers and hardware units. Also, geographic growth that brought Scotty's into the Miami/Dade County market for the first time earlier this year may include expansion north into southern Alabama and Georgia.

Top Gainers in $ of DIY Sales

Rank	Company	DIY Sales Increase (Mil $)
1	The Home Depot, Atlanta	268
2	Lowe's Cos., North Wilkesboro, N.C.	209
3	Payless Cashways, Kansas City, Mo.	202
4	Mr. HOW Warehouse, Margate, Fla.	189
5	HomeClub, Fullerton, Calif.	180
6	Builders Square, San Antonio	114
7	Wickes Cos., Santa Monica, Calif.	91
8	W. R. Grace, New York	81
9	Hechinger, Landover, Md.	74
10	Menard's, Eau Claire, Wis.	55
11	Sutherland, Kansas City, Mo.	53
12	Homecrafters Warehouse, Birmingham, Ala.	42
13	Mr. Goodbuys, Philadelphia	40

Source: Company data; *NHCN* research, *NHCN* chart

'85 expansions up Hechinger's income 10.9%

(Continued from page 60)

the new prototype the chain has developed and already begun implementing.

Hechinger executives insisted that the warehouse concept can only work when that type of store has some level of exclusivity in a given market. But with so many warehouse companies opening stores as a rapid clip, Hechinger decided it was better to concentrate on its strengths, and leave that part of the business to other to fight over.

During last year, the company has steadily reduced its selling, and general administrative costs, and has been focusing on cutting its interest expenses as well.

And on Jan. 7, 1986, a changing of the corporate guard was completed when John Hechinger, Jr. was promoted to president of the company. He is the third generation of the Hechinger family to holding that position.

His father, John, Sr., moved into the post of co-chairman, which he shares with Richard England.

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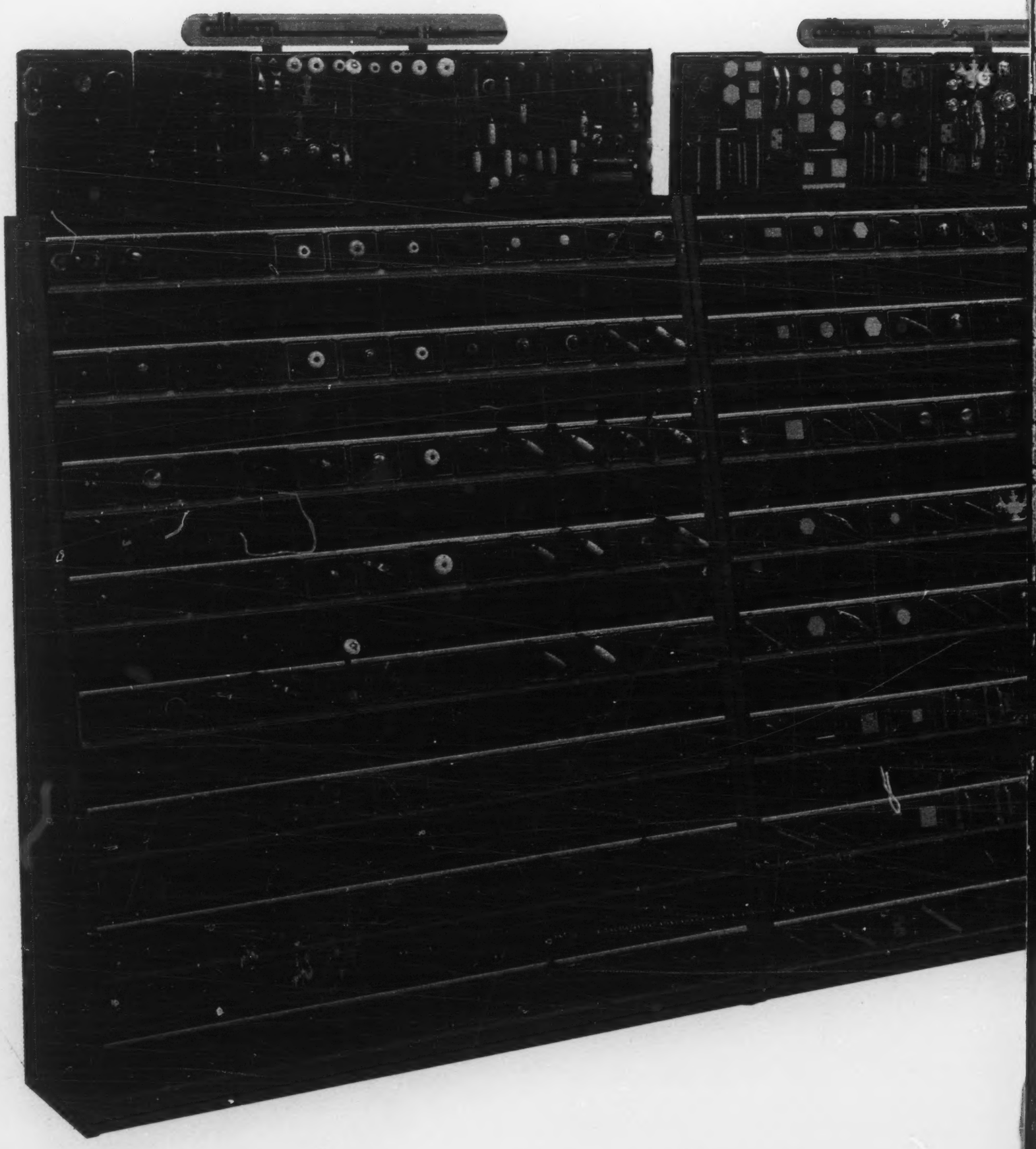

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Top Gainers in % of DIY Sales		
Rank	Company	% Change
1	Mr. HOW Warehouse, Margate, Fla.	386
2	HomeClub, Fullerton, Calif.	257
3	Builders Square, San Antonio	93
4	Woodbury and Sons, Glens Falls, N.Y.	86
5	National Home Center, Springdale, Ark.	82
6	Mr. Goodbuys, Philadelphia	80
7	Hacienda Home Centers, Albuquerque, N.M.	67
8	General Building Products, Medford, N.Y.	64
9	The Home Depot, Atlanta	62
10	Manis Lumber (Wheeler's), Rome, Ga.	60
11	Homecrafters Warehouse, Birmingham, Ala.	54
12	Strober Brothers, Brooklyn, N.Y.	50
—	Stripling Blake Lumber, Austin, Tex.	50

Source: Company data; *NHCN* research, *NHCN* chart

Rickel gains ranking, sales pace slows

By an NHCN staff editor

SOUTH PLAINFIELD, N.J. — Rickel Home Centers climbed a notch to 11th place on *NHCN's* listing of the top home center firms in the nation last year. The subsidiary of Supermarkets General Corporation had sales of about $385 million, an increase of 11% over the previous year's figure.

While that sales increase pales in comparison to 1984's 26% sales gain, Rickel president Chuck Davis, who succeeded the retired Stanley Abramson as chief executive officer at the end of the year, noted that the home center industry in general experienced a "soft" year in sales. "We had a fabulous four years before that, everyone did," Davis said. Citing high consumer debt levels, Davis added, "I think the consumer ran out of steam."

For Rickel at least, that overall slowdown means the company will have to concentrate on pulling a greater share of market in its trading areas, which include New Jersey, Long Island, upstate New York, Connecticut, Philadelphia and Maryland. To do that, the company instituted several programs aimed at buttressing its competitive position against the likes of Hechinger, Mr. HOW Warehouse, Pergament, Mr. Goodbuys and Channel, including:

- Accelerating the conversion of stores to a new IBM point-of-sale system.
- Implementing a more aggressive import program that will increase overseas merchandise by almost 60%.
- Supplying Rickel stores with a greater percentage of products shipped directly from manufacturers.
- Maximizing efficiency at the chain's 80,000-sq.-ft. distribution center with new mechanization and fixturing programs.

While adding only two stores last year to bring its total to 42 outlets, Rickel this year plans to add between six and eight new stores, all modeled after the company's "center-aisle concept" prototype.

In addition, funds from Supermarket General's record $200 million capital expenditure program will be used to retrofit at least six existing units this year.

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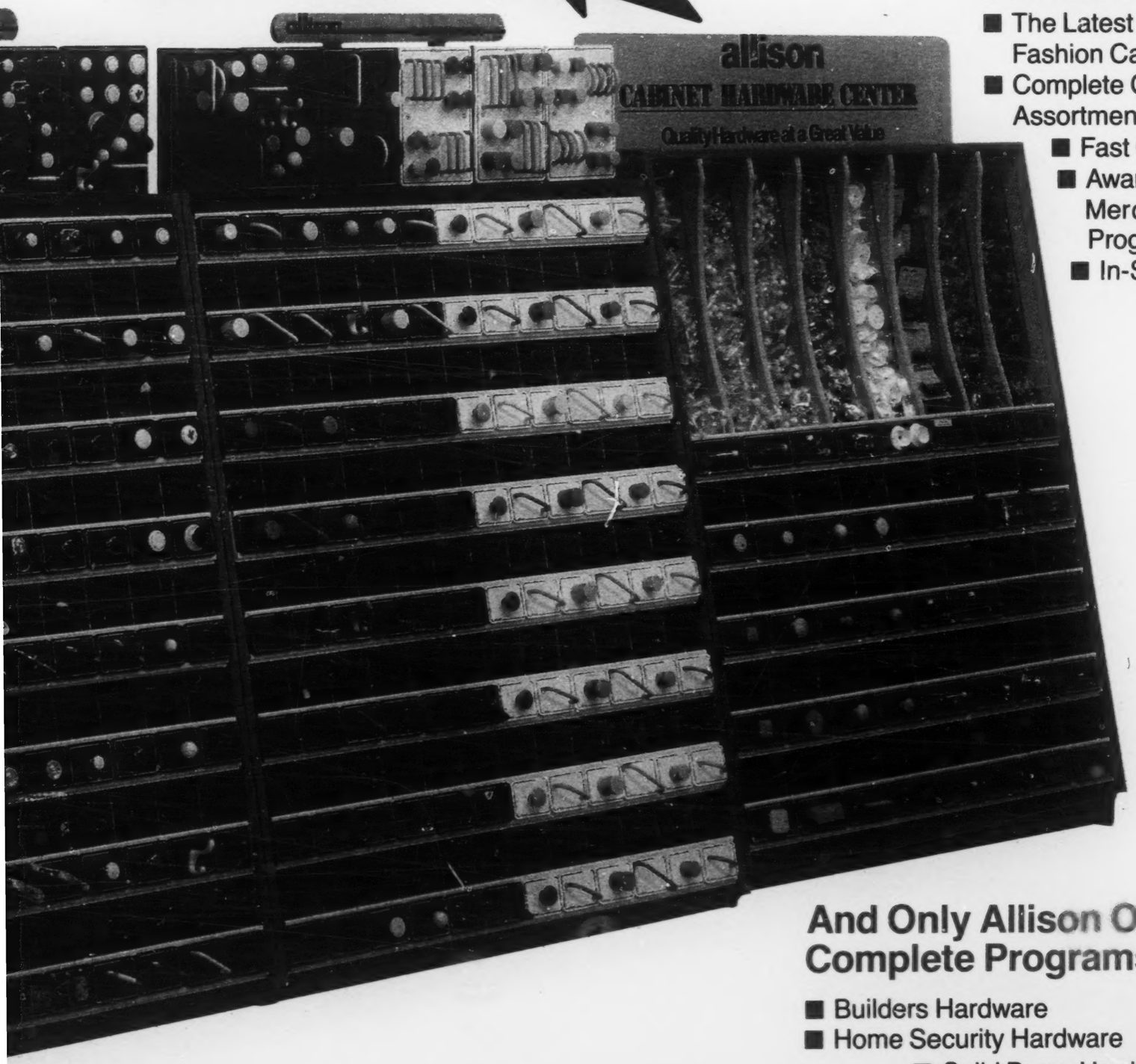

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Builders Sq. grows at store per week pace

By an NHCN staff editor

SAN ANTONIO — Builders Square is looking to become the predominant warehouse chain in 1986, and based on its performance in 1985, there are a lot of reasons for the company to be optimistic.

First, the 30-unit chain increased its sales volume in 1985 by 52%, from $190 million in gross sales to more than $365 million, 65% coming from DIY sales. The chain now ranks 12th in sales among home center chains.

Secondly, the company is literally building a store a week, with an ambitious plan to have 50 new warehouse units on line by the end of the year. In fact, one out of every two of the 111 new warehouse stores projected to be opened industrywide this year will belong Builders Square.

Already it has broken new ground in such cities as Pittsburgh; Akron, Ohio; and several southern cities and introduced DIYers in Cleveland to the warehouse format.

And despite indications that the warehouse phenomenon is slowing down, Builders Square President Frank Denny, is buoyant about the company's growth and the kind of industry that is evolving.

"We're still aggresively pursuing the market," Denny said. "Obviously we feel the future of the industry is solid.

"But we are perhaps the first to realize that the industry is in a period of change. I don't think you're seeing a downward trend, I think your're seeing a shift in consumer patterns more.

"In the big cities you are

(Continued on page 64)

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Top in Number of Stores		
Rank	Company	Stores
1	84 Lumber, Eighty-Four, Pa.	375
2	W. R. Grace, New York	319
3	Evans Products, Miami	319
4	Lowe's Cos., North Wilkesboro, N.C.	282
5	Wickes Cos., Santa Monica, Calif.	212
6	Payless Cashways, Kansas City, Mo.	169
7	Carter-Jones Lumber, Kent, Ohio	146
8	Lanoga, Seattle	140
9	Scotty's, Winter Haven, Fla.	124
10	Pay 'N Pak, Kent, Wash.	106
11	Diamond Lumber, Sacramento	96
12	Sutherland, Kansas City, Mo.	85
13	Copeland Lumber Yards, Portland, Ore.	80
14	Ernst Home Centers, Seattle	73

Source: Company data; *NHCN* research, *NHCN* chart

Menard's adds 7 units in '85; trademark suits plague chain

By an NHCN staff editor

EAU CLAIRE, Wis. — Menard Cashway just keeps rolling along. Despite the fact that the majority of its stores are in states that have been severely affected by the downturn in farming, the chain added seven units in 1985, and saw its sales increase by 22.8% to $350 million.

These sales gains rank Menard's 13th among all home center chains. Menard's gets around 85% of its volume from consumer transactions.

"We had a pretty satisfying year in 1985, and expect 1986 to be just as satisfying," said John Menard, the company's president.

Last year, the company embarked on a major renovation program, in which most of its older units were expanded in size to between 50,000 and 70,000 sq. ft., and converted to a warehouse-style format.

In addition, the chain realized nearly 30% store growth in 1985, including the opening of a 68,000-sq.-ft. warehouse in Rockford, Ill., and Grand Forks, N.D., last July. Among the other markets Menard's opened new units in were Racine and Sheboygen, Wis., and two in Des Moines, Iowa, where the chain is scheduled to open two more units this spring.

Not all things were great for the chain last year, though. Menard's continues to be involved in a number of lawsuits that charge it with trademark or copyright infringement.

The company agreed to a restraining order prohibiting it from selling work benches that are alleged to be illegal knockoffs of a product made by Hirch Co. More recently, Menard's made a cash payment to U.S. Brass as settlement for selling a line that infringed on the manufacturer's "Aqua-Line" faucet labeling and packaging.

A few months ago, Stanley Works named Menard's and a number of other dealers in a petition filed with the International Trade Commission that alleges violations of patents Stanley holds for its MINI-HACK hacksaws (*NHCN*, March 10).

'Last year, Menard's embarked on a renovation program, in which most of its older units were expanded and converted to a warehouse-style format.'

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Builders Sq. grows at store per week pace

(Continued from page 63)

seeing a disproportionate share of the market going to warehouses at the expense of a market that was probably full at one time."

With 10 new stores slated to go into California alone, many of them in southern California, Denny said he is not too worried about some observations that portray southern California as being overstored.

"I think that it is overstored, but I believe the level of competition in California is relatively weak in regards to the traditional home centers," Denny said. "It's a great market for us, Home Depot, and HomeClub, and I think we will get the lion's share of the market."

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Top Gainers in Store Count		
Rank	Company	Store Increase (in units)
1	Lowe's Cos., North Wilkesboro, N.C.	34
2	The Home Depot, Atlanta	19
3	Builders Square, San Antonio	15
–	Mr. HOW Warehouse, Margate, Fla.	15
5	Scotty's, Winter Haven, Fla.	14
6	Payless Cashways, Kansas City, Mo.	12
–	HomeClub, Fullerton, Calif.	12
8	84 Lumber, Eighty-Four, Pa.	10
–	Hechinger, Landover, Md.	10
10	McCoy's, San Marcos, Tex.	7
–	Menard's, Eau Claire, Wis.	7
12	Pay 'N Pak, Kent, Wash.	6
–	Gerrity Building Centers, Meredith, N.H.	6

Source: Company data; *NHCN* research, *NHCN* chart

Lanoga's UBC buys five Payless stores; allows for expansion into new markets

By an NHCN staff editor

SEATTLE — United Building Centers (UBC), a division of the Lanoga Corp. based here, bought five Payless Cashways stores—three in Iowa and two in Minnesota—late last year, underscoring both the parent company's and UBC's commitment to rural markets.

UBC, based in Winona, Minn., converted the Payless stores to the UBC name and format in early 1986. One of the stores, in Iowa Falls, opened in 1947 under the management of Vernon Furrow, who later became chairman and is now director emeritus.

UBC president Daryl Nagel said the Payless acquisition allowed UBC to expand into new markets.

Privately held Lanoga, which ended 1985 with 115 UBC stores, 11 Spenard Builders Supply units in Alaska and 14 Lumbermen's stores in Washington and Oregon, had a sales decrease of 3% in 1985, to $335 million. Its unit count dropped to 140 outlets from the prior year's 148. Contractor sales account for about 60% of the chainwide volume.

In a key personnel appointment, Edwin M. Savage was named president of Lumbermen's in May 1985. He formerly was a senior executive at Boise Cascade Corp., and, prior to that, a longtime executive at Grossman's, Evans Products' largest retail chain. Last August, Lumbermen's moved its headquarters from Shelton to Olympia, Wash.

Lumbermen's opened a distribution facility in November near Tacoma and boosted its buying staff by two.

At Spenard, 1985 was highlighted by the opening in May 1985 of a new 93,000-sq.-ft. retail and manufacturing facility in Fairbanks, replacing an existing yard.

More recently, early in 1986, Dencil E. Gold was promoted to president of Spenard, replacing longtime president James O. Campbell, who resigned. Spenard is the largest building material retailer in Alaska and has plans to open two new stores this year.

Pay 'N Pak's '85 earnings sink 19%

By an NHCN staff editor

KENT, Wash. — Pay 'N Pak's earnings declined 19% in 1985 to $8.2 million on a 9% sales increase to $333.7 million, reflecting Pay 'N Pak's tough and ongoing battle to keep and expand its share.

Highlights of 1985 included Pay 'N Pak's push into northern California with the debut of a pair of mini-warehouses in San Francisco and South San Francisco in November.

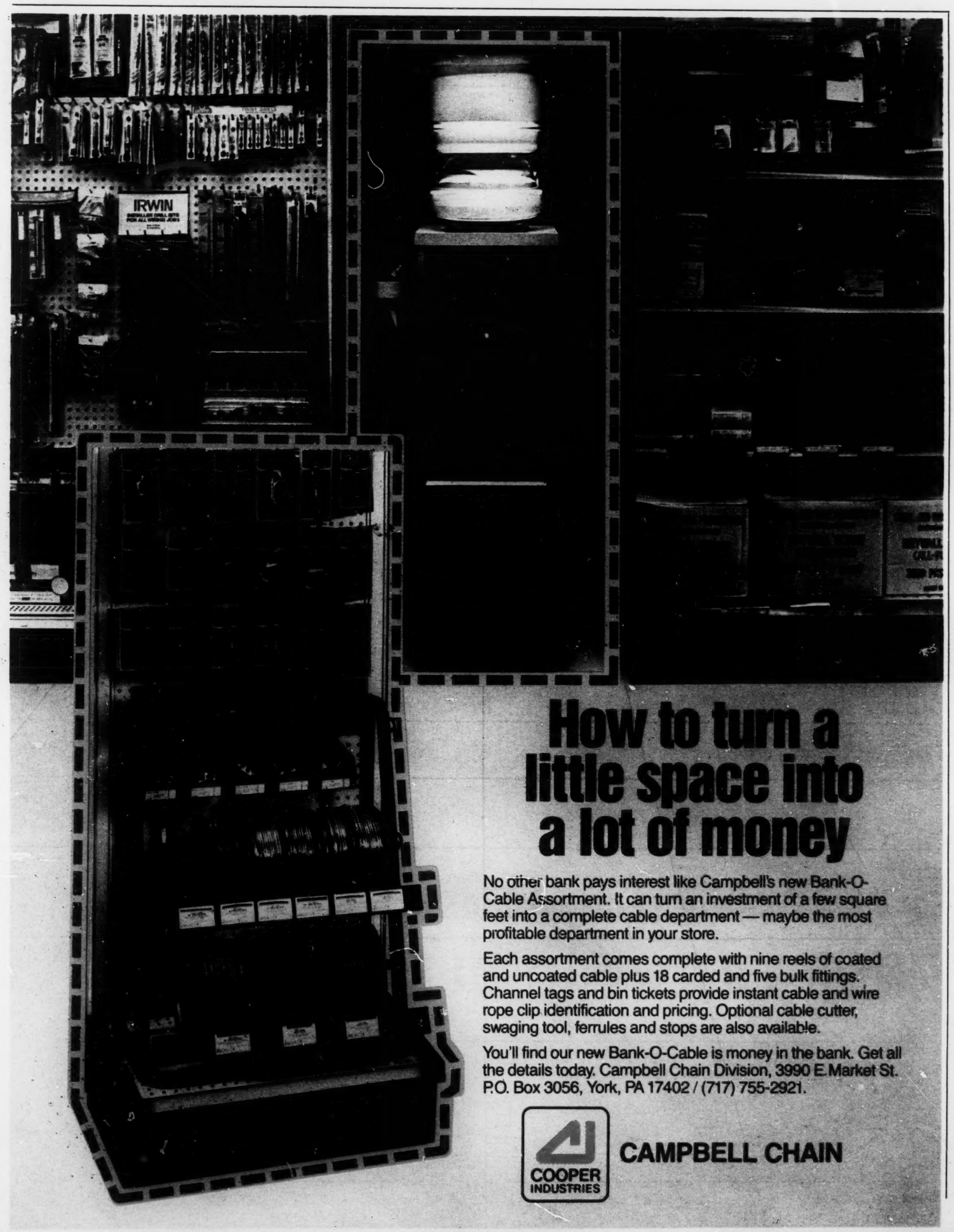
This Bay Area focus was underscored again this past January with simultaneous grand openings of stores in the East Bay cities of San Leandro and El Cerito.

Pay 'N Pak ended the fiscal year with 106 units versus 100 units at the end of the previous year. Its store count was bolstered by the $10 million acquisition in October of three Handyman outlets in the Portland, Ore., market. During the year Pay 'N Pak also closed two stores in the Tulsa, Okla., market.

"We have worked very hard for the past two years to revamp our operation to stay ahead of the dramatic changes that have taken place in our industry," David Heerensperger, chairman, said in commenting on fiscal year results. "It has been an expensive process, but the hard work is starting to pay off in increased sales and earnings."

Heerensperger said earnings last year were adversely affected by the company's need to borrow heavily to pay for expansion, "with the result that our interest cost increased from $3.7 million last year to $6.1 million this year."

Pay 'N Pak continues to build or convert existing stores to its warehouse format. It now has 36 units.



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Perspectives

annual report

Corporate turnovers mark Diamond's '85

By an NHCN staff editor

DALLAS — Diamond Lumber's sales slipped 1% to $326 million in a year marked by management turnover at the chain and its corporate parent, Michigan General.

During the year, General Felt Industries increased its ownership stake in Michigan General to nearly 20% and began to exert tighter control over the company.

Meanwhile, a $24 million retrofit program aimed at attracting more DIYers into Diamond's 96 stores was left foundering.

John Boudreau, Michigan General's president and ceo, resigned right after announcing a plan to sell and leaseback Diamond units to raise capital for expansion and to relieve long-term and short-term debt. On June 4, General Felt president Rocco Barbieri was elected president of Michigan General and cancelled the previously announced sale-leaseback plans. In further evidence of General Felt's growing control, Michigan General's headquarters were moved last September from Carrollton, Tex., to Saddlebrook, N.J., into a building occupied by General Felt.

Jerry Rex, who was brought in as Diamond's president by Michigan General in September 1983, was replaced in December by former Payless Cashways executive vp Harlon Seats.

Seats' challenge is to bring some direction to a chain that has appeared rudderless. One of his first decisions was to scrap the ambitious retrofit program. Early this year, Diamond opened a new distribution center aimed at making the chain less dependent on distributors and manufacturers reps. Seats also unveiled a new three-tiered "project" mix merchandising strategy designed to transform Diamond into a "specialty retailer of building materials."

Central maintains pattern of steady growth; '85 sales up 8%

By an NHCN staff editor

BRIDGETON, Mo. — Estimated sales for Central Hardware Company rose 8% to $270 million last year, continuing a pattern of steady growth.

Strictly a DIY retailer, Central Hardware has recommitted itself to hardlines in the last year, maintaining a hardware orientation.

Central Hardware, with 31 homecenters in Illinois, Missouri, Ohio, Tennessee and Indiana, is a division of Interco, Inc., a St. Louis-based merchandiser of furniture, home furnishings, apparel and shoes. In 1984 Interco posted sales of $2.6 billion, according to Robert Hensley, Interco treasurer.

In the last year Central closed one of its 60,000-sq.-ft. stores, an average size unit.

The company maintains an average of 27,000 stock keeping units chainwide.

Central is basically a midwestern chain, competing with companies like B&B and Hill-Behan in the St. Louis market and Payless Cashless Cashways in other markets.

As it has expanded eastward, Central met westward expanding competitors like Hechinger in the Columbus market. Central employs approximately 2,500 people.

Ernst retrofits stores in 1985

By an NHCN staff editor

SEATTLE — New leadership came to Ernst Home Centers in early 1985 as the company's owners—the Trump Group of New York—continued its search for an effective strategy to enhance the struggling chain's profitability.

Former Target discount stores executive Michael Rouleau became president of the chain in February 1985, replacing general manager Bill Boston, who served as assistant to Rouleau before leaving last November.

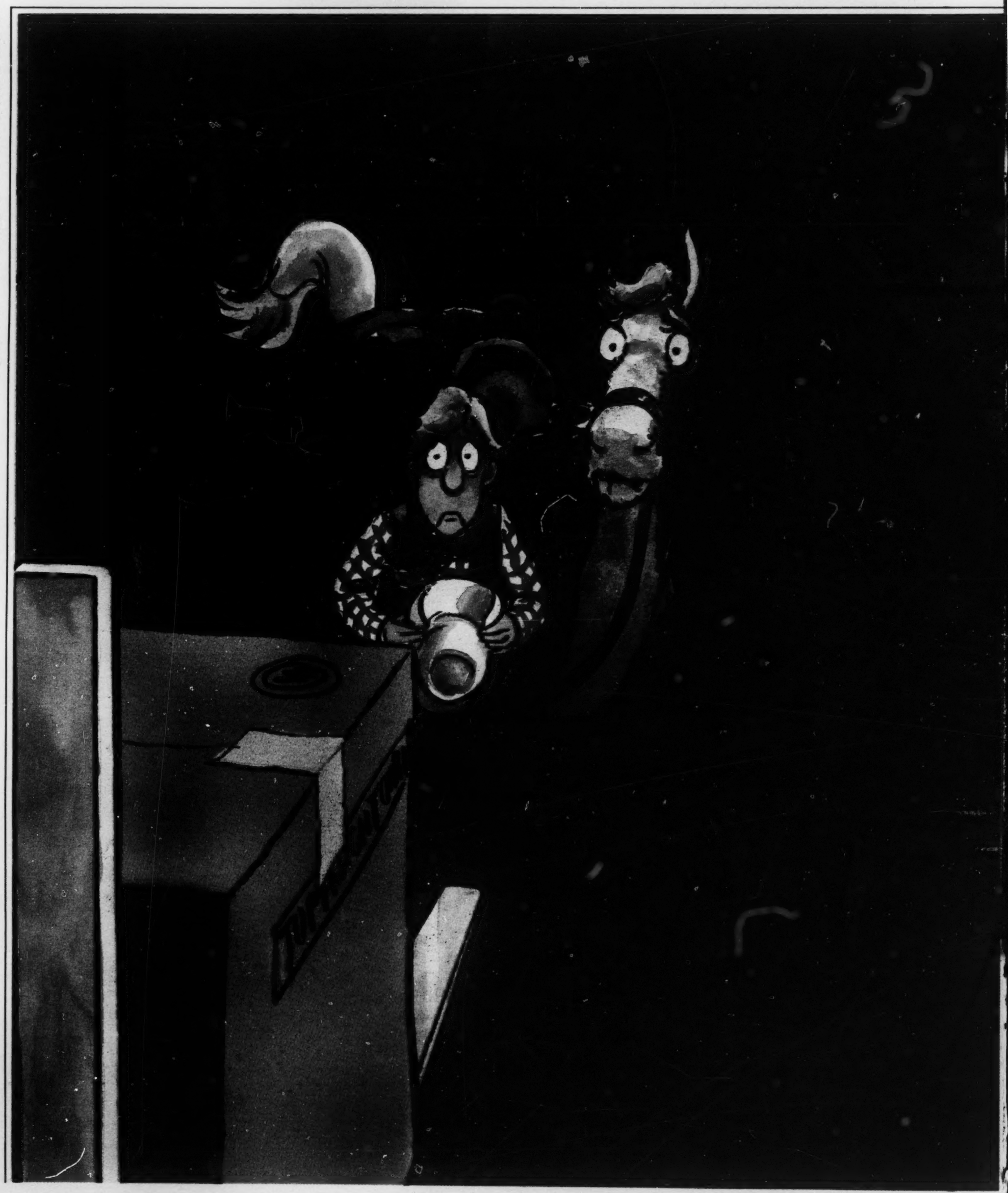
Under Rouleau's direction, a fresh look was taken at Ernst's store layout and merchandise presentation—and Ernst returned sporting goods, fishing tackle and housewares (which it dropped several years ago) to its mix as part of an emphasis on a hardware store image and a de-emphasis on building materials.

The retailer opened its first distribution center in an effort to buy and operate more effectively.

While Rouleau is believed to have reduced the red ink at Ernst during his one-year tenure, he apparently was not moving as quickly as Trump wanted to put the company in the black.

He was replaced as president by Hal Smith, former

(Continued on page 71)



Perspectives

annual report

Zayre purchases 18-unit HomeClub; chain maintains firm market position

By an NHCN staff editor

FULLERTON, Calif. — On Nov. 19, 1985, discount retailer Zayre Corp. announced that it had reached an agreement in principal to acquire HomeClub, Inc., the 18-unit membership warehouse chain founded in July 1983 by Robert McNulty. The chain catapulted to 19th position on NHCN's annual list of home center chains in 1985.

The Zayre purchase—completed in January 1986—was the most significant development in HomeClub's short and splashy history.

Only three weeks before Zayre announced its acquisition intentions, on Oct. 29, an initial public offering for HomeClub was made, at $9 per share. Zayre bought HomeClub at $14.25 per share—meaning that investors made nearly 60% on their investment in a very short time.

President Robert McNulty stood to gain about $6.5 million on the deal and executive vp's George Handgis and John Shanklin owned shares valued at about $4 million and $2.5 million each, respectively.

The HomeClub story in 1985 showed that expansion at a fast and furious pace has a bottom-line impact.

Zayre reported that in the fourth quarter, HomeClub lost $4.7 million on sales of $91.4 million compared with a loss of on

(Continued on page 72)

DIY sales account for half of West's 1985 business

By an NHCN staff editor

ATLANTA — West Building Materials continued its drive to punch up its consumer business in 1985, and succeeded in the sense that DIY sales accounted for 50% of its business during the year, compared with only 40% the prior year. On the other hand, total volume was fairly flat for the year, rising only 2%, to $250 million.

The company ranked 19th on the *NHCN* Top 100 list, down one notch from its position a year earlier

Nevertheless, the chain has most likely been able to increase its earnings, since shelf prices in its stores seem to have increased over the past year. The feeling seems to be that the price competition characteristic of 1984 and much of 1985 may be lessening as the chain tries to capitalize on its investment in better looking stores through higher margin consumer sales.

Company in transition

That West is a company in a rapid transition is reflected in its store count numbers. The chain's total of 64 units is one less than the total operated at the end of 1984. Yet within those seemingly lackluster number comparisons there is much action, since West has continued to close its older contractor-oriented yards while building new, larger units that draw more consumer traffic.

The chain's latest unit in Fort Walton Beach, Fla., opened earlier this year, reflects the larger trends underway at West. The store's sales floor of 60,000 sq. ft. is much larger than the chain's older units. And the store has the more appealing look, and the deeper displays, that have characterized the latest efforts at the chain.

Some of these elements being introduced at the chain include the display of commodities under a single roof, the display of appliances in more attractive settings, and the addition of outdoor lawn and garden areas.

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Ernst retrofits stores as part of its 1985 strategy

(Continued from page 70)

president of Builders Emporium, in early 1986. Rouleau was given a special assignment to develop retail business strategies for Ernst parent Seattle Standard Corp., formerly known as Pay 'N Save Corp.

Smith is the third chief executive in less than two years at Ernst.

Other personnel moves include the hiring of Gene Howenstein, former vice chairman of Central Hardware, Bridgeton, Mo., who joined Ernst as senior vp and gmm; and Tom Stanton, former western regional vp for Payless Cashways, who was named store operations director.

In 1985, Ernst opened three stores—two stores in the Seattle market cities of Renton and Issaquah in November and a unit in Everitt, Wash., in September, bringing its chainwide count to 76 units in six Western states.

Ernst also sold three of its Las Vegas stores, Von Tobel's, to Builders Emporium in early 1986.

Perspectives

annual report

Handyman turns in strong '85; income, store count boosted

By an NHCN staff editor

SAN DIEGO — The most important event in 1985 for Handyman was the spin-off of the chain from its parent company, Edison Brothers Stores, St. Louis, in June.

Handyman, founded in 1962, is now traded on the American Stock Exchange. Sales in 1985 fell 15% to $228.1 million while net income was $8.9 million, a 44% increase, in part attributed to gains from the sale of real estate. Same-store sales increased 7.7%.

Handyman completed the extensive remodeling of 20 stores in 1985, bringing the total of remodeled stores to 21. The chain also opened two new stores, in Sacramento and Fresno, Calif., bringing the store count to 53 at year's end.

Another major development in 1985 was Handyman's decision to sell its three Portland, Ore., stores to Pay 'N Pak, for $10 million, generating a pretax gain of approximately $3.5 million. The profitability of the Oregon stores had lagged considerably behind the rest of the chain, Harvey Rosen, president and ceo, said.

Handyman also completed the installa tion of point-of-sale registers in its San

(Continued on page 74)

Mr. HOW's sales boosted $250 million in 1985

By an NHCN staff editor

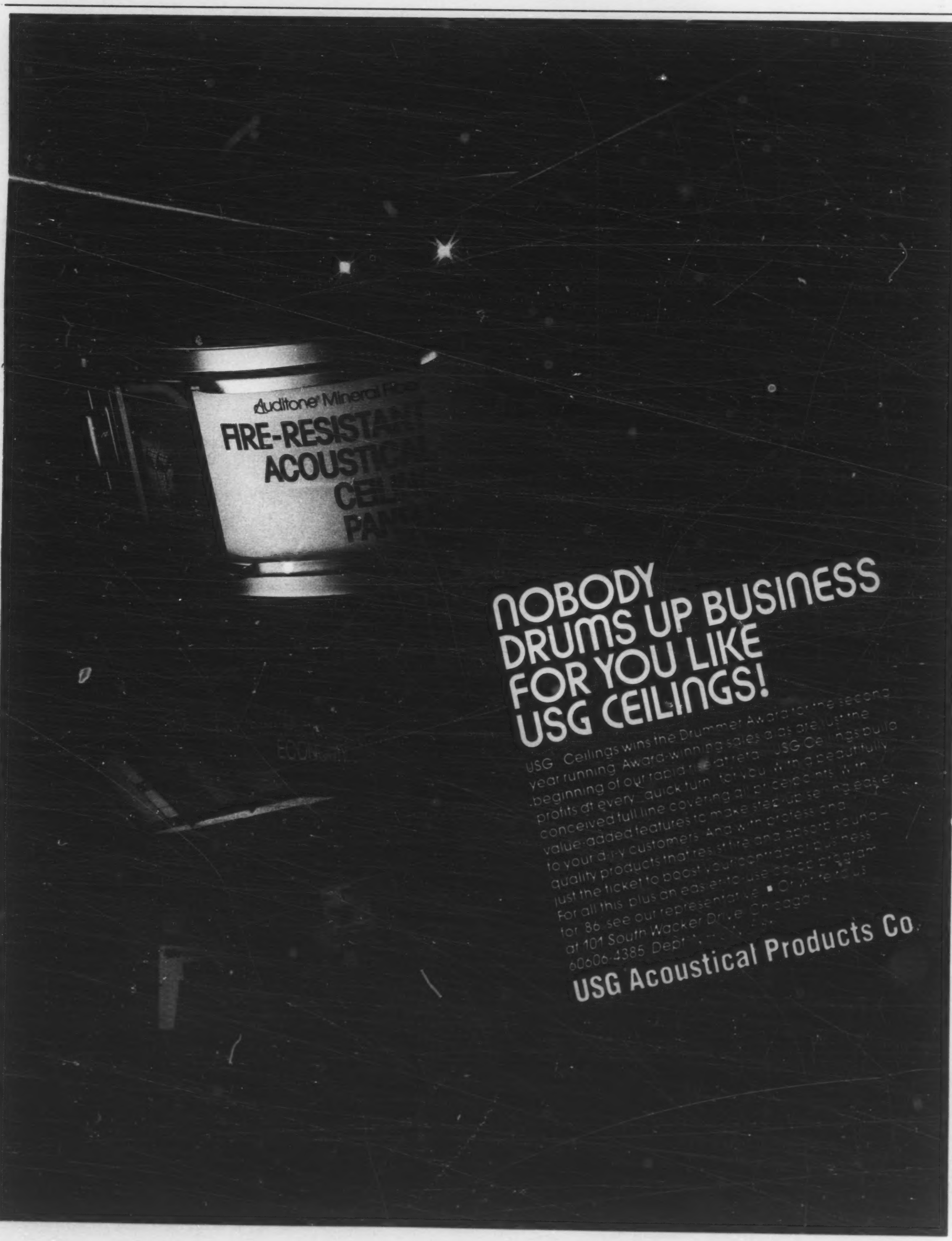
MARGATE, Fla. — Mr. HOW Warehouse traveled a bumpy road last year, despite chaulking up the industry's highest sales gain percentage.

Leaping from 58th to 19th place on *NHCN's* listing of home center companies, Mr. HOW increased its store count from 12 to 27 and added some $250 million in sales to the coffers of its parent, Service Merchandise Corporation. However, its negative impact on Service's bottom line helped fuel continuous speculation last year that the warehouse home center chain founded by Pat Sher in 1983 was on the selling block.

The year started with unbridled enthusiasm for Mr. HOW. The chain made one of the first big acquisitions of 1985 when it purchased all five Forest City warehouse stores in Chicago. But, shortly after the company announced plans to open at least 10 more units in 1985, founders Sher and executive vp Steve Dougherty resigned.

Other defections followed. Merchandisers Tom Cawley and Marty Mendick left the company, as did Jack Getzinger and John Tilton, who now head their own chain of warehouse-style lawn and garden stores. Later in the year, Jack Kopkin, merchandising vp, resigned over "philosophical differences" concerning the way the chain was being run. Joe Thomas, director of store planning, and Dave Bost, zone manager, also left.

Having weathered both the sale rumors and management turnover, a leaner Mr. HOW is hoping for a more stable and profitable year in 1986. Under the direction of Norman Darrer, who was named president of Mr. HOW last June, and senior marketing vp Hank Kirschner, the company is fine-tuning its stores to bring more uniformity to the chain. Expansion will be slowed in order to concentrate on building profitability. Partial evidence of that slowdown can be seen in the chain's cancellation of plans to enter the Denver market this year.



Zayre purchases HomeClub in 1985

(Continued from page 71)

sales of $28.9 million for the year-earlier quarter.

For the fiscal year, HomeClub lost $3.82 million on sales of $248.5 million versus a loss of $2.27 million on sales of $68.1 million for the previous year.

A sad development at HomeClub occurred early this year when one of the chain's top executives died unexpectedly. As part of its efforts to boost its inside financial talent, HomeClub last September brought aboard former Federated Department Stores executive Rudolph L. Hirsch as executive vp in charge of administrative and financial functions. Hirsch, 57, died March 23, 1986, in Phoenix, Ariz., of a heart attack, company officials said.

This year, HomeClub plans to open 18 new units, compared with the 12 outlets it opened in 1985, four in 1984 and two in 1983. HomeClub is attempting to carve out the biggest share of the warehouse market in California.

The company believes it will become a national chain—someday.

Perspectives

annual report

Carter experiences 21% increase in sales in 1985

By an NHCN staff editor

KENT, Ohio — Benefitting from store locations in rural areas with lower levels of competition than that experienced by other chains, and from a strong presence in contractor sales, $200 million Carter Lumber experienced a 21% increase in its total sales last year. Over the same period, it added four stores to bring its chain total to 146.

For this company, which ranked number 24 on the *NHCN* Top 150 list by total sales, 1985 was the year of adjustment as the company remerchandised, in its own image, the six Z&L stores it had purchased the previous year from Z&L Lumber, the former $30 million Pittsburgh chain.

"We're seeing a little more competition from Builders Square and Furrows," acknowledged Bryan Carter, president of the family-owned company. "We're seeing a lot more mail order flyers from everyone."

So far, at least, Carter Lumber has not responded with flyers of its own, and Carter added that "we seem to have gained some market share, based on our sales increase."

As for the remerchandising of the Z&L stores, Carter noted that "they had a few too many stock keeping units." While Carter does not release its sku count, *NHCN* estimates that the typical Carter store has 8,000 sku's.

One step Carter did not take was to split up the Z&L stores into dual units, a characteristic for which Carter's own stores are famous. Indeed, Carter said that his company has begun building stand-alone units, depending on what the market demands. In many cases, the real estate necessary to make the split into two stores is not available.

Carter noted that traditionally his company has divided its stores because "we like to have the expertise in two separate departments, with two separate managers." One building is devoted to plumbing, electrical and heating, while the other stocks building materials. Carter also indicated that the company expects the two divisions to stand alone in terms of profits, and that separating the stores helps control the assessments of their respective performances.

Pergament rolls out new format in 1985

By an NHCN staff editor

MELVILLE, N.Y. — 1985 will be remembered here at Pergament Home Centers' corporate office as the year in which the chain took major steps to protect its home turf from an invasion by new competitors.

Sales increased 11% to $200 million as Pergament made the most dramatic store design and product presentation changes in its history. In late 1984, the company rolled out a 72,000-sq.-ft. warehouse store prototype and embarked upon an expansion plan that included converting existing stores, most of which are 20,000 to 50,000 sq. ft.

"We refuse to take a complacent attitude," said Bruce Pergament, vice president for administration, son of company president Murray and grandson of Louis Pergament, who founded the chain 50 years ago.

Because of Long Island's tight real es-

(Continued on page 75)

'85 Handyman sales up 7.7%

(Continued from page 72)

Diego stores and is installing them in its northern California stores this year. Rosen said the registers and the accompanying systems are providing store and merchandising personnel "significantly improved information."

Handyman also updated its advertising and promotional materials, and increased the frequency of print advertising by introducing midweek newspaper ads to maintain market visibility. Handyman also for the first time created a television and radio advertising campaign.

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Perspectives

annual report

McCoy's opens seven new units in 1985; sales up 6.4%

By an NHCN staffeditor

SAN MARCOS, Tex. — McCoy's Building Supply Centers here, like most chains operating stores in Texas, suffered through tough times last year, as oil prices plummeted and unemployment rose.

However, the chain opened a total of seven new stores in 1985 and saw its sales increase 6.4% to $192.5 million. And despite the prospects of continued economic recession in this state, McCoy's plans to embark on an aggressive expansion plan in 1986.

"The big news down here was and is the price of oil," said Brian McCoy, McCoy's vp-merchandising. "But even though some of our markets are pretty soft, and we expect Houston to continue to be pretty competitive, we're looking for the same sales gains we had in 1985."

A typical McCoy's unit—such as the store it opened in Austin on Sept. 16, its sixth in that market, have 15,000-sq.-ft. showrooms plus 9,000-sq.-ft. warehouse areas plus outdoor an lumberyard sitting on 3.5 acres of land. Other markets in which McCoy's opened new units were Gainesville, Orange and Jasper, Tex.

Recently, the company, which gets around 80% of its volume from DIY sales, has been emphasizing its low price image in its newspaper advertising as a way of combatting the tremendous amount of competition that has come into its market over the past year and a half.

McCoy said that this year, the company would expand by seven units, bringing its total to 72. All of these stores are expected to be opened in Texas.

On a tragic note, Dennis McCoy, 28, the chain's vp-operations, died last spring in a plane crash while on route to one of McCoy's stores near Brownwood, Tex.

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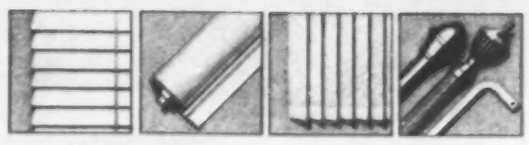

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Window Fashions

Pergament rolls out new store format for '85

(Continued from page 74)

tate market made obtaining sites difficult for newcomers, the chain was able to refine its operations, roll out its new store format and become further entrenched in preparation for the expected invasion.

Last year, Pergament completed its seventh and eighth warehouse conversions. The chain's net store count stayed at 42 last year, but Pergament officials say that it will open six new warehouse stores during 1986; five of them will be 70,000 sq. ft. or larger.

It appears the company showed accurate foresight in attempting to cement its already strong position in its home Long Island market.

Late last year, Hechinger, the Landover, Md.-based chain which ranked ninth on this year's *NHCN* list of largest home center companies, signed a lease for its first of several stores in the Long Island market. Other chains, including Mr. Goodbuys, are reportedly also negotiating for retail locations here.

The company also operates stores in northern New Jersey, Staten Island, upstate New York and Connecticut.

Pergament's new bolder attitude was manifested early this year when the company put an offer on the table to buy the 100-unit Channel Home Center chain from W. R. Grace. Grace subsequently sold its entire home center division to group headed by former ITT chairman Harold Geneen.

Coming in the May 19 issue of *National Home Center News*—The *NHCN* Annual Census of the Home Center Industry: Part Two

Perspectives

annual report

Discounters garner high volume on home center items

By Donald Longo
NHCN staff editor

NATIONAL REPORT — While home center retailers usually think of other home center retailers as "the competition" when it comes to battling for the DIYer's home improvement dollar, figures compiled by *NHCN* from a list of leading mass merchandisers and discount stores show that these retailers generate formidable sales volumes from home center-type product lines.

While it is difficult to gauge exactly how much business discounters and mass merchants do in the home improvement area, a sampling of 10 non-home center retail chains totalled an estimated $6.7 billion in home improvement sales last year. By comparison, the top 10 home improvement chains together totalled just under $10 billion in sales, according to *NHCN's* 1985 Annual Report of the Home Center Industry.

But, while the top 10 home centers' figure has grown steadily over the past decade, from $2.7 billion in 1976 to $9.8 billion in 1985, an increase of 263%, sources that follow the discount store industry indicate that those stores' share of total home improvement sales has remained fairly static, with some companies actually cutting back on their offering of home center-type merchandise.

If ya can't beat 'em, join 'em

With so many non-home center chains jumping into the home center fray—witness K mart's Builders Square, Zayre's HomeClub, Service Merchandise's Mr. HOW Warehouse and Sears' planned rollout of 50 new Paint & Hardware stores this year—it would appear at first glance that these retailers are surrendering home improvement customers to the home center concept. However, a closer examination shows that discount and department stores are still major factors in the retail home improvement marketplace.

> *'We have the opposite problem of home centers. Our stores always had the women shoppers. So we want to be strong in decorative type home improvement products where the wife makes 99% of the buying decisions.'*
>
> **John Ogden,**
> *home improvement merchandiser,*
> *S. E. Nichols*

Sears' $4 billion in home improvement sales would rank the giant mass merchandiser No. 1 on *NHCN's* list of top home improvement chains. A consumer poll conducted for *NHCN* last year by the Chicago research firm, Leo J. Shapiro and Associates, indicated that more than 4 out of 10 consumers in seven selected metropolitan markets shopped Sears most often for portable power tools.

In fact, in that category, only 35% of all retail power tool sales are made at home centers, according to estimates by Black & Decker, the Towson, Md., tool supplier. And, the discount store industry, led by K mart's $1.5 billion in sales of home improvement-related merchandise, generated nearly $7 billion from hardware and paint departments.

Furthermore, a key finding of the Shapiro study was that non-home center retailers have had considerable success maintaining a market position against the home center. More than 4 out of 10 home improvement purchasers in the study did not use the home center as their primary source of supply.

The study showed that Sears' major drawing cards among home improvement shoppers were quality and reliability, while discount stores generally attracted customers with price and convenience. The findings indicate that an opportunity exists for home centers to expand their market penetration significantly by concentrating on these areas.

Discounters attract women

Discount stores and mass merchandisers also find themselves in the unique position of having already captured what is to home centers a vital customer segment—the female shopper.

Said John Ogden, former building materials merchandise manager for Forest City, the Cleveland-based home center firm, and now home improvement merchandiser for the S. E. Nichols department store chain: "We have the opposite problem of home centers. Our stores always had the women shoppers. So we want to be strong in decorative type home improvement products where the wife

(Continued on page 80)

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Like all Wing products, La Door is backed by a solid merchandising effort. This means point-of-sale displays, revolutionary Sell-Vu packaging and extensive advertising support.

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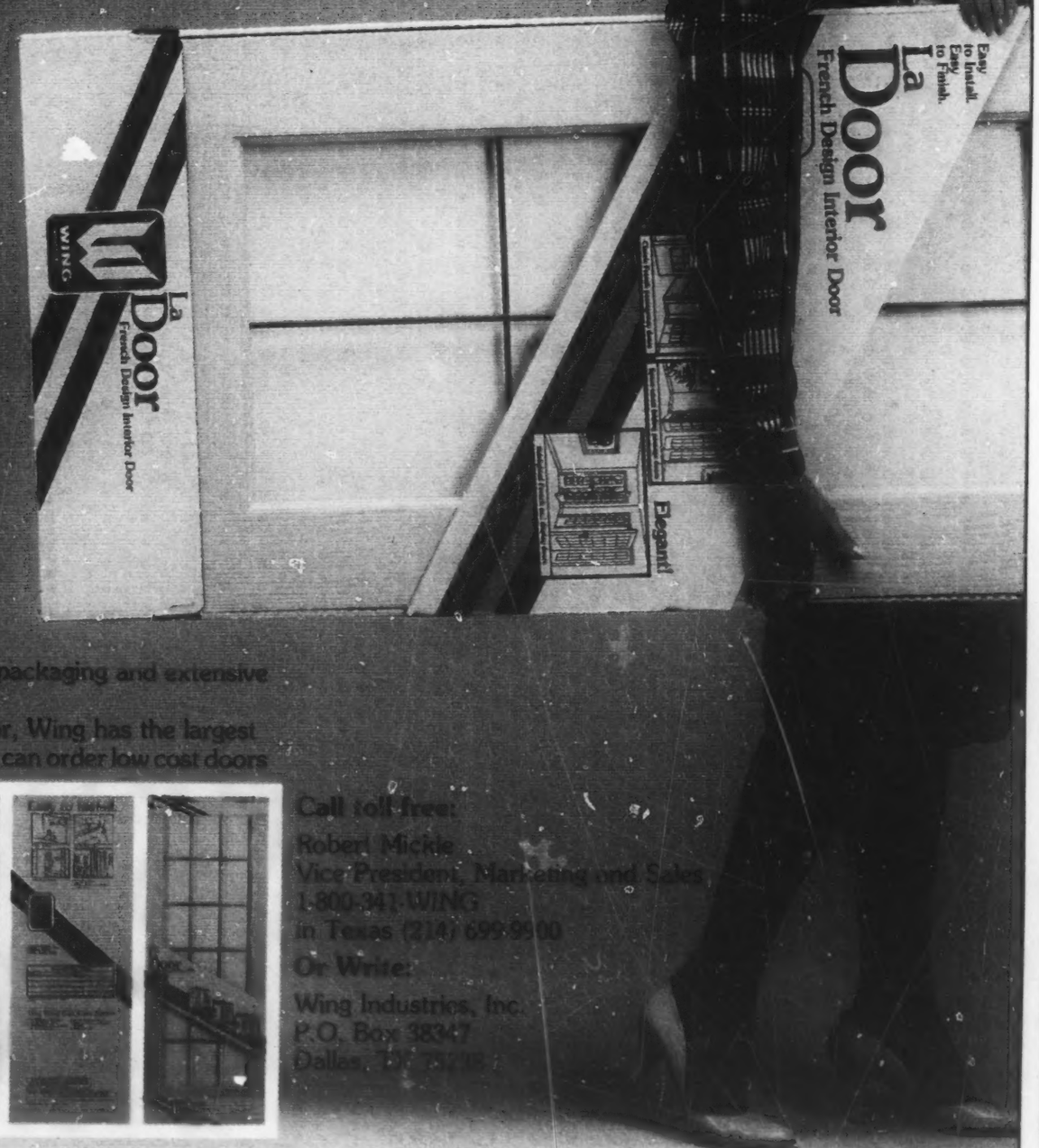

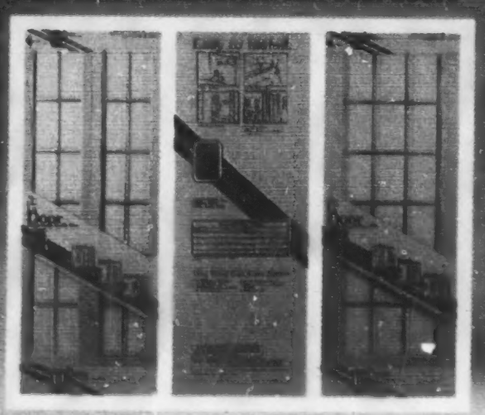

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Perspectives

annual report

Mass merchandisers' and discounters' slice of the home improvement sales pie

10 selected leaders in home improvement sales

Chain	Total sales 1985	Home improvement sales 1985	Total stores 1985	Chain	Total sales 1985	Home improvement sales 1985	Total stores 1985
Sears, Chicago	$26.6 bil.	$4 bil.[1]	799	Fred Meyer, Portland, Ore.	875 mil.	150 mil.	91
K mart[2], Troy, Mich.	22.4 bil.	1.5 bil.	2,062	Meijer, Grand Rapids, Mich.	950 mil.	91 mil.	51
Wal-Mart, Bentonville, Ark.	6.4 bil.	320 mil.	745	Bradlees, Braintree, Mass.	1.6 bil.	80 mil.	157
Montgomery Ward[3], Chicago	5.4 bil.	300 mil.	366	Caldor, Norwalk, Conn.	1.3 bil.	65 mil.	109
Zayre, Boston	3.1 bil.	155 mil.	900	S. E. Nichols+, New York	300 mil.	40 mil.	44

[1]Excludes installed sales
[2]Does not include Builders Square; includes 287 Home Care Centers
[3]Includes 319 home improvement departments
+Includes 34 home improvement departments
Source: *NHCN* research and estimates

Weatherstripping Today

The New Mortell Company, makers of Moritite®, announces major new marketing program.

Aggressive Promotions & Pricing

Wally's Workshop®
Complete home weatherization TV program.

New Products

With 13 new items this year, Mortell now provides single-source convenience.

National Advertising

Merchandising

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MORTELL
Your seal of good value.
MORTELL COMPANY/KANKAKEE, IL 60901

Discount stores garner high '85 sales volumes

(Continued from page 70)

makes 99% of the buying decisions."

Nichols, which operates 44 stores in secondary markets from Watertown, N.Y., to Wilson, N.C., is still refining its offering in 34 stores that are large enough to have home improvement departments. Ogden, who joined Nichols last March, said that the company has already substantially pruned its lumber selection to just some convenience boards and handi-panel hardwoods and plywoods. Product line expansion is underway in floor tile, wallpaper and paint, he said.

Walter Loeb, retail analyst at Morgan Stanley in New York, told *NHCN* he doesn't expect discounters to back off at all to home centers.

K mart, despite committing itself heavily to the expansion of its Builders Square subsidiary, has been introducing new Home Care Centers in its stores over the past three years. And, Herbert Zarkin, senior vp/marketing, advertising and sales promotion for Boston-based Zayre Corp., noted that discounters do a huge volume in such product lines as hand tools, power tools and paint. These are not areas in which discounters will easily give up market share to home centers, indicated Zarkin.

But, while they are not waving a white flag, some mass merchants are clearly re-evaluating their committment to home improvement products.

Montgomery Ward, as part of a strategic plan and remerchandising to become a "value-driven specialty store chain," is cutting back substantially in a number of product lines, including home care and hardware. Among the products to be dropped at all Ward stores are: driveway coatings, ladders, paint sprayers, security alarms, safes, carpentry tools, mailboxes, portable electric tools, hobby tools, bench tools, most household hand tools, wall furnaces, insulation, cabinets, shelving and flooring.

According to Chuck Thorne, media relations manager, smaller Montgomery Ward stores will prune back even further. Under 70,000-sq.-ft. stores will eliminate compressors, fittings, tool chests, shopvacs, bath shops and garage door openers. Larger major metro stores will retain paint and sundries, wallpaper, lighting, bulbs, disposals, water heaters, fans, heating equipment and dehumidifiers.

Even Sears has seen its traditional dominance in paint begin to erode. John Parson, home improvement group vp, acknowleged that home centers' marketing wars have affected Sears' business, most notably footballing paint prices.

Perspectives

annual report

Wheeling and dealing in 1985 mirrored 1984 trend

(Continued from page 23)
producing states, put a squeeze on profits at both large and small firms.

In March, Evans Products, the Miami-based chain that generated over $1 billion in sales from five chains in 1984, filed for Chapter 11. That same month, The Home Shop, a 23-unit subsidiary of American Shelter Industries, also filed for Chapter 11 protection. Houston-based Walker-Kurth, in the heart of what has been referred to as Texas' "Doombelt," closed its doors after 34 years in that market.

In July, Scotts Seaboard Corporation sold off its 17 Scott's home centers to General Host Corporation, which planned to reopen those units as nursery outlets. And, in November, Homecrafters began closing its 11 warehouse stores, before filing for Chapter 11 early this year.

1985 saw several large building material suppliers get out of the retail home center business. Boise's divestitures left that company with just 26 stores doing $130 million in business at the end of 1985. The previous year, that company generated $390 million in sales from 77 stores.

Like Boise, Weyerhaeuser also pruned its retail home center division. The giant Tacoma, Wash., supplier sold its five-unit Dixieline Lumber subsidiary to Nortek, a Providence, R.I., firm in November, and another Weyerhaeuser subsidiary, Everitt Lumber, closed or sold its four Colorado home centers.

A few new companies were started: W. R. Grace unveiled HomeQuarters Warehouse; Eclipse Industries and Erb Lumber joined forces to unleash DIY Home Warehouse on Cleveland; Busy Beaver executive Jack Fagen split 13 stores off that chain to form Fagen's.

1985 also saw the industry's romance with the warehouse concept begin to wane. Several companies, including Homecrafters, Lindsley and now Hechinger, pulled away from the warehouse style of business, leaving that mode of retailing dominated by a "Gang of Four" composed of Home Depot, Builders Square, Mr. HOW and HomeClub.

But, while many chains as well as stock analysts expressed their disenchantment with warehouse retailing, it was those four warehouse chains, plus one quasi-warehouse company (Mr. Goodbuys), that experienced the greatest percentage growth in total sales last year.

They were also among the fastest growing chains in store count. Depot added 19 units, Builders Square and Mr. HOW opened 15 new stores and HomeClub grew by 12 units last year.

The nation's largest home improvement retailer, Lowe's also was the fastest growing in unit count. Mainly due to its purchase of the 23 Boise stores, Lowe's led all chains with an increase of 34 units in 1985. Other fast-growers were Florida-based Scotty's with 14 new additions and Kansas City's Payless Cashways, which added 12 stores.

Falling oil prices create new 'Doombelt'

(Continued from page 23)
ing.

Austin independent Calcasieu Lumber experienced the best year in its 103-year history in 1984, when sales hit $56 million. According to finance vp Terry Arndt, 1985's sales of $42 million are more typical of what the company normally generates per year.

Housing starts down

Arndt said that Austin is over-built because of the 1984 boom. The city showed a 17.7% drop in single-family housing starts last year, according to the NAHB.

Oil business takes toll

"The oil and gas business is taking its toll in Texas," said Larry Grotheus, president of M. G. Building Materials, a four-unit, $58 million chain based in San Antonio, where single-family starts plunged 15.6%. Grotheus attributed flat sales to the overall economy.

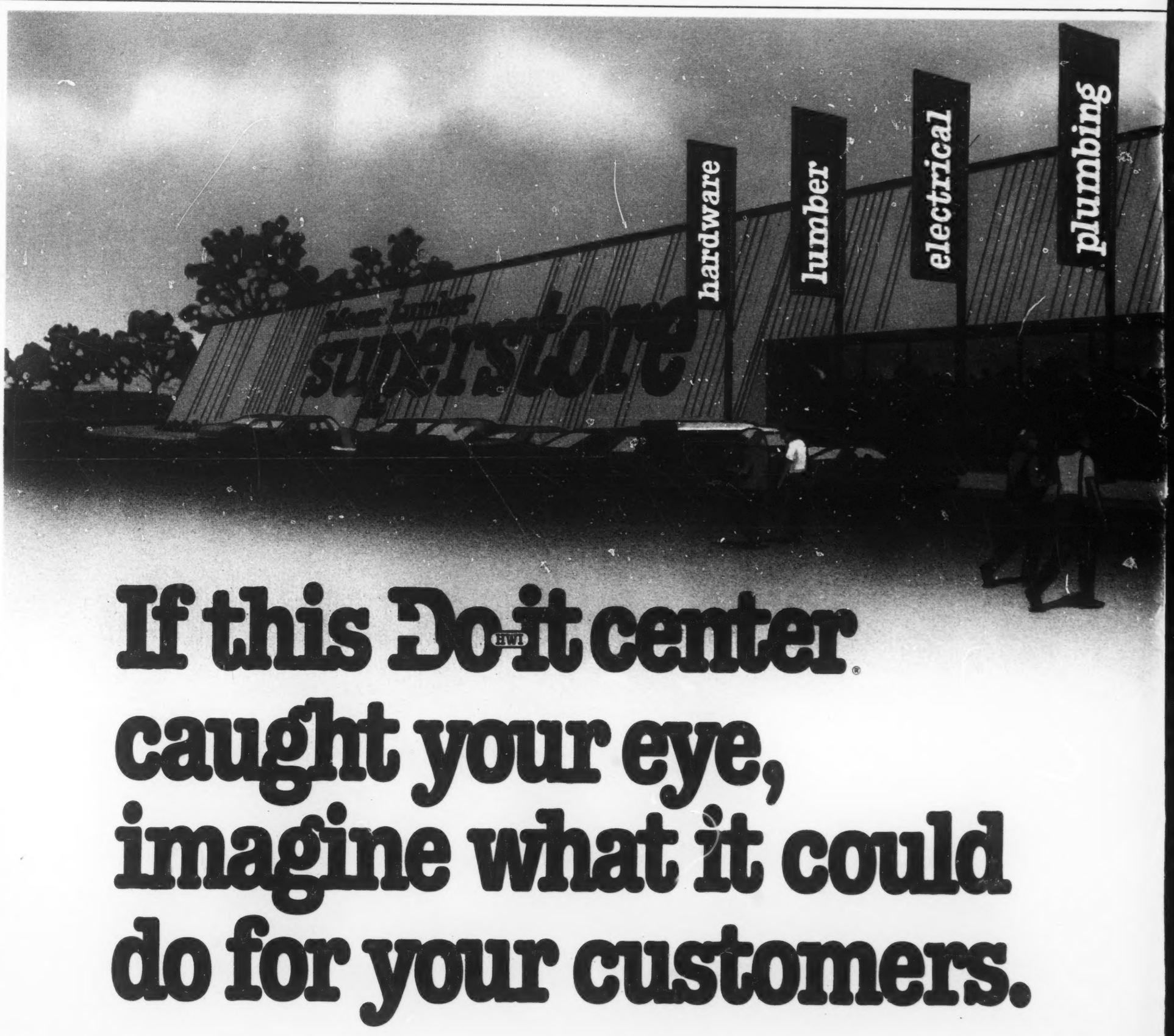
In Oklahoma, "only half the houses that were built in 1984 were constructed last year; plus there were 78% fewer apartments built, which doesn't impact our business directly, but tells you what's going on down here," said Tom Hughes, president of Tulsa-based Hughes Lumber, which did about $21 million at its 10 stores.

Single-family starts declined 23.2% in Tulsa, according to the NAHB.

McCoy's posts gain

One of the few Texas-based companies to report a sales gain in 1985 was McCoy's Building Supply, based in San Marcos. The 65-store chain chaulked up a 7% gain to $193 million. Company marketing vp Brian McCoy was fairly optimistic about prospects for 1986.

"Even though some of our markets are pretty soft, and we expect Houston to continue to be pretty competitive, we're looking for a good year," said McCoy.



"When we implemented the Do-it center® concept in 1983, we had a 30% sales gain that first year! It was the biggest jump we'd had in our 40-year history. Sales and profits are still way up . . . our visibility in our market is unbelievable.

"Our first Do-it center® has been so successful, we decided to open another one . . . We've always tried to be a leader in our market—to grow, to move ahead. I just can't say enough good things about the whole Do-it center® program."

Jim Moser
Moser Lumber Do-it center®
Naperville, Illinois

CALENDAR

(Continued from page 94)

ference, Dallas. Sponsored by the National Retail Merchants Assn. For more information contact the association's Conferences & Special Services, 212-244-8780.

Sept. 28-Oct. 1
11th Annual Internal Auditors Conference, Chicago. Sponsored by the National Retail Merchants Assn. For more information contact the association's Conferences & Special Services, 212-244-8780.

Sept. 28-Oct. 1
Operations and Distribution Conference, New Orleans. Sponsored by the National Retail Merchants Assn. For more information contact the association's Conferences & Special Services, 212-244-8780.

Sept. 29-Oct. 10
Cotter & Company's Semi-Annual Red Carpet Market & Convention, Chicago. Contact, Leo McPhee, market manager, 312-975-2860.

October

Oct. 4-6
United Hardware Distributing Co.'s Fall Market and Convention, Minneapolis Auditorium and Convention Center, Hyatt Regency Hotel, Minneapolis. Contact Elroy Austin, show manager, 612-559-1800.

Oct. 12-14
American Hardware Supply Company's Second Fall Market, Memphis, Tenn. Contact Patricia Ellam, 412-283-4567.

Oct. 17-19
Retail Advertising Seminar, Chicago. Sponsored by the National Retail Merchants Assn. For more information contact the association's Conferences & Special Services, 212-244-8780.

Oct. 18-21
Ace's 1986 Fall Convention and Exhibit, Georgia World Congress Center, Atlanta. Contact Leo Nadolske, 312-887-6751.

Oct. 18-21
H.W.I., Indiana Convention Center, Indianapolis, Ind. 219-749-8531.

Oct. 19-22
10th World Conference of Retailers, Zurich, Switzerland. Sponsored by the National Retail Merchants Assn. For more information contact the association's Conferences & Special Services, 212-244-8780.

November

Nov. 6-9
Mountain States Lumber & Building Material Dealers Association Annual Convention, Broadmoor Hotel, Colorado Springs. Contact the association in Englewood, Colo., 303-793-0859.

Nov. 21-23
39th Annual National Decorating Products Show and Convention, Cervantes Convention Center, St. Louis. Contact Lillian Smysor, NDPA, 314-991-3470.

Dec. 4-5
Store Planning and Design Conference, New York. Sponsored by the National Retail Merchants Assn. For more information contact the association's Conferences & Special Services, 212-244-8780.

Key Dates for 1987

Jan. 11-14
76th Annual NRMA Convention and Exposition, New York. Sponsored by the National Retail Merchants Assn. For more information contact the association's Conferences & Special Services, 212-244-8780.

Feb. 22-25
International Hardware Show, Cologne, West Germany. Telex-8873426, or contact AHMA, 312-885-1025.

Oct. 18-21
National Hardware Convention, Sheraton Center, Toronto. 312-885-1025.

1987

Jan. 9-11
Northeastern Retail Lumbermens Assn. 93rd Annual Convention, America/East Building Materials Exposition, World Trade Center, Boston. Contact Fran Cocuzzi, 716-325-1626.

Jan. 12-14
American Hardware Supply Company's Lumber Market, Orlando, Fla.

Oct. 18-20
American Hardware Supply Company's Fall Market, Memphis, Tenn.

When's your show?
If home center operators will be attending your show, association convention or special seminar, *NHCN* wants to know. Send date, location and schedule to: Calendar, *National Home Center News,* Lebhar-Friedman, 425 Park Ave., New York, N.Y. 10022.

Lumber City gains direct-shipping from Weyerhaeuser deal

(Continued from page 16)

provide some items—such as sheetrock, roofing, fencing, insulation and nails—Weyerhaeuser still must make weekly bids in competition with other suppliers.

But Weyerhaeuser is slowly expanding its sku count with Lumber City, Belluschi said, adding landscape timbers and railroad ties in January.

"Retailers have a fairly steady need for commodity material," Belluschi said, adding that, in contrast, contractor needs fluctuate widely. "Having Lumber City as a year-round customer keeps our trucks running."

Belluschi added, "In southern California, contractor job sites close up when it rains, but business booms on the consumer side. Instead of going to the beach, do-it-yourselfers build bookshelves in the garage."

Lumber City determines what it will pay Weyerhaeuser for its products only once every four or five weeks versus the common industry practice of bidding on a weekly or per-order basis. These prices are set at the beginning of the month and do not change despite the rise and fall in commodity prices.

"The pricing arrangement is based on industry price levels," Doug Williams, president and ceo of Lumber City, said. "To date, it has worked very satisfactorily."

Weyerhaeuser's Still said Weyerhaeuser rarely fails to fill orders. Out-of-stock products are usually shipped in the following week's delivery.

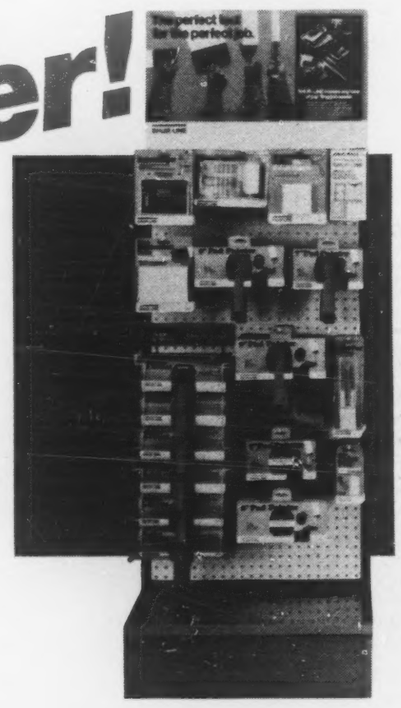
"One of the components of the program is that we guarantee Lumber City product availability," Still said. "We probably achieve 97% accuracy in order fill."

Williams summarized: "Lumber City has found a suppler with a larger amount of stock which allows for better continuity of supplies....and a better guarantee of quality, service and flexibility, as well as expertise in the lumber market."

Phil Neiman said Weyerhaeuser is planning to put some signs in stores to alert DIY customers to the exclusive Weyerhaeuser wood-products offerings.

"And we've put the Weyerhaeuser logo in a few of our ads," Phil Neiman said. "We figure that since the product comes from a Weyerhaeuser mill, noting that fact in our advertising might promote some customer goodwill."

Profit Planner!



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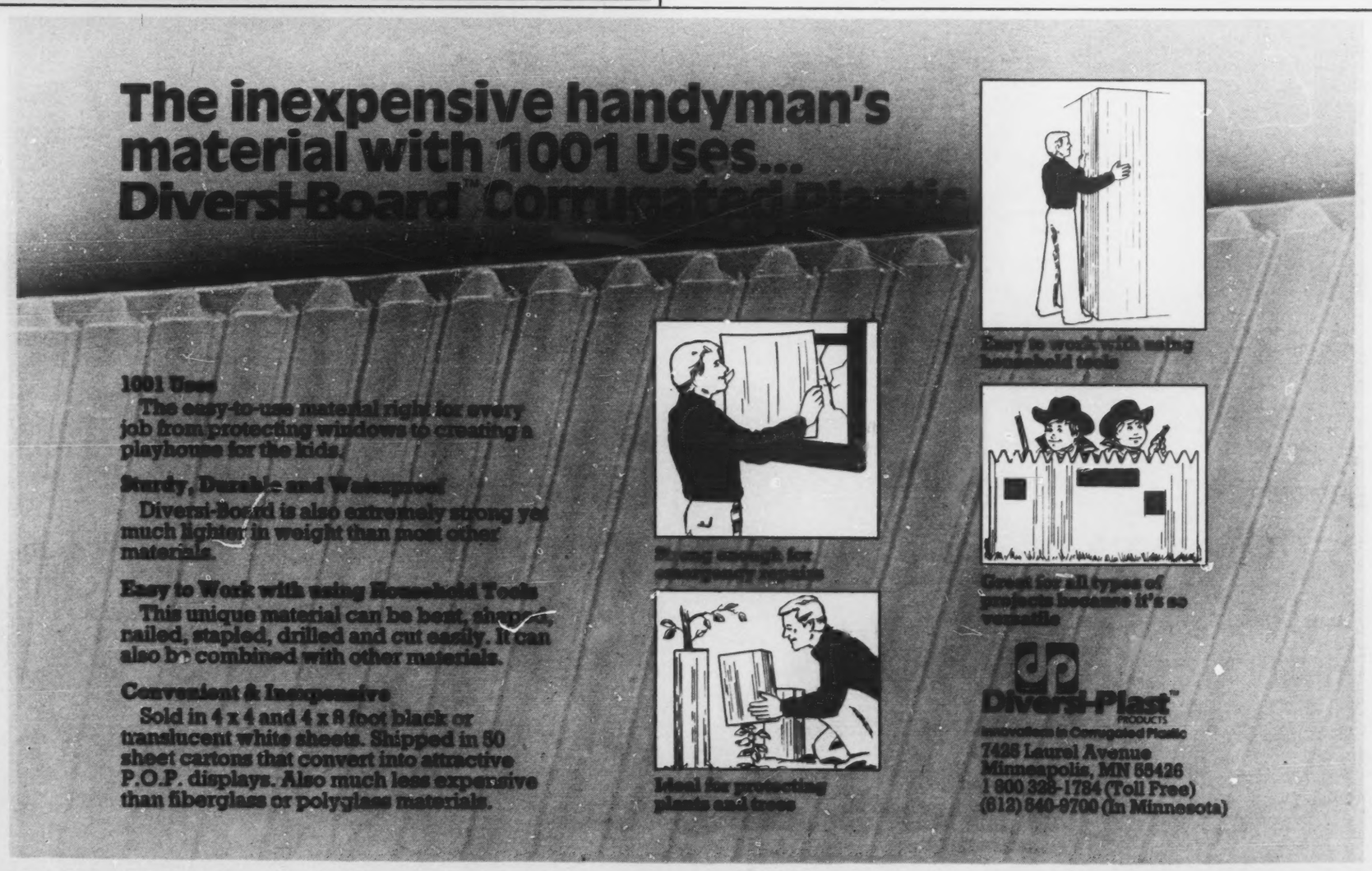
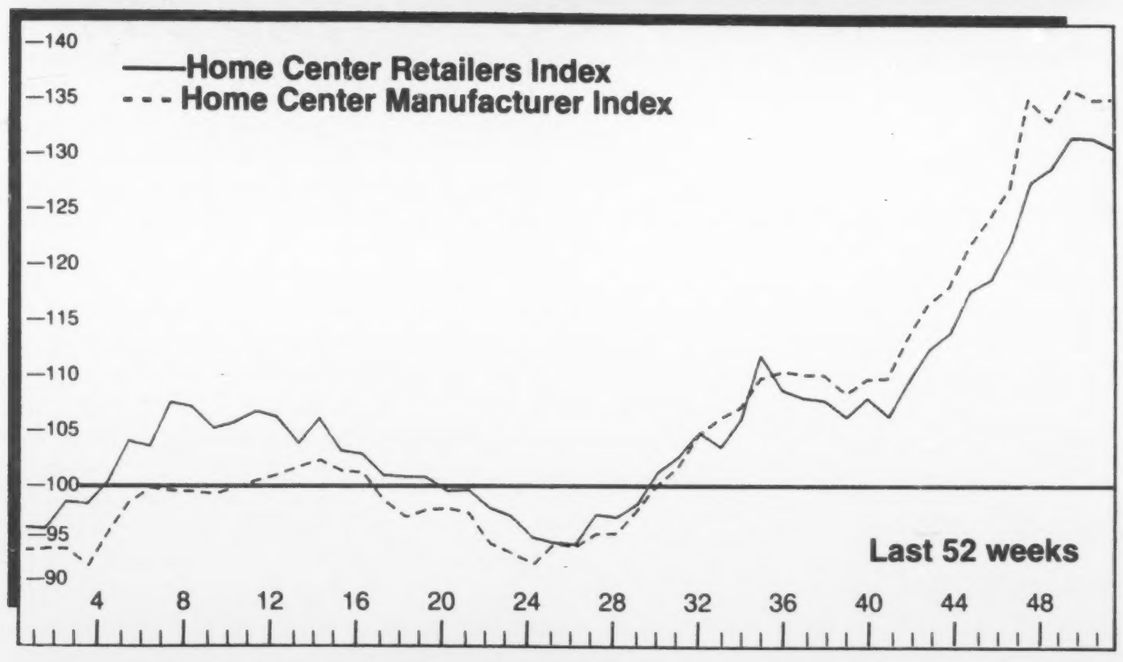


FINANCIAL NEWS

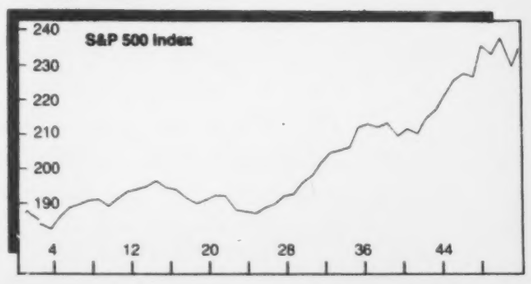


The home center retailer and manufacturer stock market indices are a measurement of the changes in aggregate market value compared to their value on Feb. 1, 1985, which has been set to equal 100 on the index. Aggregate market value is the sum of each stock's price multiplied by its number of shares outstanding, adjusted to eliminate the effects of additions or deletions of companies to the *NHCN* stock list.

MOST ACTIVE STOCKS

Company & Market		Total 2-Week Volume	Volume Trend Change	2-Week Price Change
4-18-86		(100)	%	%
Natl Gypsum	N	112,780	566.5	38.7
Potlatch Cp	N	4,133	231.3	11.0
INTERCO Inc	N	5,499	229.9	4.3
Wickes Cos	A	228,234	218.1	13.6
Black & Decker	N	56,889	198.7	11.8
Homecrafters Whse	M	1,351	178.9	.0
Forest City Ent	A	318	178.6	1.3
Supermkts Gen	N	5,762	174.4	.0
DeSoto Inc	N	710	170.9	- .3
Grace W R	N	40,442	166.7	9.7

The Volume Trend Change is the per cent difference between the latest 2-week average volume and the previous 12-week average volume.*



PRICE MOVEMENT

Company & Market		2-Weeks Ended 4-18-86	2-Week Price Change	Total 2-Week Volume
Winners		$	%	(100)
Natl Gypsum	N	68.50	38.7	112,780
Home Depot	N	17.88	22.2	14,267
Walter, Jim	N	47.63	16.2	10,953
MacMillin Bldel	N	23.75	15.2	499
Payless Cash	N	26.13	13.6	22,372
Wickes Cos	A	6.25	13.6	228,234
Armstrng Wrld	N	63.38	13.2	10,927
Black & Decker	N	22.50	11.8	56,889
Lowe's Cos	N	40.25	11.0	14,275
Potlatch Cp	N	46.50	11.0	4,133
Losers		**$**	**%**	**(100)**
Natl Hardgoods	M	6.75	- 8.5	107
Manville Cp	N	7.13	- 8.1	12,059
Mich General	A	4.13	- 5.7	1,484
Mor-Flo Inds	M	17.63	- 4.7	151
SW Forest Ind	N	13.88	- 4.3	1,544
Emhart Corp	N	39.00	- 2.8	5,796
Thos Inds	N	23.25	- 2.6	657
DeSoto Inc	N	39.88	- .3	710
Triangle Pac	N	53.25	.0	0
Natl Lumber	M	4.75	.0	375

National Home Center News

HOME CENTER MARKET SUMMARY

Company and Market		Stock Market: Price: 2-Weeks Ended 4-18-86	2-Weeks Change Amt.	2-Weeks Change Pct.	2-Week Range High	2-Week Range Low	52-Week Range High	52-Week Range Low	Volume: 2-Weeks Shares Traded Total	% Out	12-Week Avg. Vol. As % Out	Volume Trend Change	Financial Update: P/E Ratio	Indicated Divd. Rate Amt.	Yld.	Latest Report: New Report	Period	Date Ended	Latest Quarter: Revenue Amt.	Revenue Chg.	Net Income Amt.	Net Income Chg.	E.P.S. Amt.	E.P.S. Chg.	Year-to-Date: Revenue Amt.	Revenue Chg.	Net Income Amt.	Net Income Chg.	E.P.S. Amt.	E.P.S. Chg.
-		$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																														
Color Tile	M	22.75	1.25	5.8	23.00	21.00	23.50	15.25	7,399	7.87	3.71	112.1	15.5	.00	.0	.....	6 mos.	12-85	87.2	4.8	3.3	- 2.9	.34	- 8.1	182.2	14.8	6.6	6.5	.70	2.9
Erb Lumber	M	65.00	2.00	3.2	66.50	63.00	66.50	20.75	42	.47	.66	- 28.8	9.4	.00	.0	.....	fiscal	12-85	47.9	33.8	1.8	125.0	2.01	105.1	190.2	29.0	6.1	110.3	6.88	110.4
Forest City Ent	A	29.75	.38	1.3	29.75	29.25	29.75	20.63	318	.78	.28	178.6	31.6	.30	1.0	NEW	fiscal	01-86	81.0	7.6	3.8	322.2	.49	444.4	281.0	6.2	7.4	89.7	.94	91.8
Grace W R	N	53.75	4.75	9.7	55.00	48.38	57.25	35.50	40,442	7.44	2.79	166.7	19.1	2.80	5.2	.....	fiscal	12-85	2013.2	10.0	44.7	- 24.4	.86	- 29.5	7260.1	7.9	146.9	- 24.9	2.82	- 29.9
Handyman	A	28.88	.38	1.3	29.00	28.13	29.88	21.75	337	1.33	.61	118.0	NA	.15	.5	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger A	M	26.25	.50	1.9	26.75	24.75	27.00	16.00	5,059	5.79	3.22	79.8	NA	.16	.6	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B	M	26.50	.50	1.9	26.50	25.00	27.00	16.00	1,108	.82	.61	34.4	27.3	.08	.3	.....	fiscal	01-86	116.8	14.1	6.6	8.2	.27	.0	479.0	18.2	23.1	10.5	.97	5.4
Homecrafters Whse	M	1.75	.00	.0	2.00	1.63	8.75	1.00	1,351	4.77	1.71	178.9	NE	.00	.0	.....	9 mos.	10-85	45.4	' 9.9	(10.2)	NE	(3.62)	NE	143.0	18.0	(13.5)	NE	(4.80)	NE
Home Depot	N	17.88	3.25	22.2	18.13	14.25	20.38	10.50	14,267	5.68	2.98	90.6	54.2	.00	.0	.....	fiscal	01-86	203.7	73.5	2.6	- 27.8	.11	- 21.4	700.7	61.9	8.2	- 41.8	.33	- 41.1
INTERCO Inc	N	79.25	3.25	4.3	80.00	73.50	80.00	62.75	5,499	3.86	1.17	229.9	13.6	3.08	3.9	NEW	fiscal	02-86	583.0	.4	30.9	NC	1.95	54.8	2510.7	- 4.4	92.3	27.8	5.84	31.2
K mart Cp	N	48.00	2.25	4.9	48.13	43.75	48.13	30.63	78,201	6.22	3.23	92.6	27.7	1.48	3.1	.....	fiscal	01-86	6752.2	- 1.8	10.5	- 94.9	.09	- 94.3	22420.0	6.3	221.2	- 55.7	1.73	- 54.9
Lowe's Cos	N	40.25	4.00	11.0	40.25	35.75	41.38	20.75	14,275	3.85	2.20	75.0	24.5	.40	1.0	.....	fiscal	01-86	475.6	26.5	11.3	7.6	.31	6.9	2072.6	22.7	59.7	- 2.8	1.64	- 3.5
Mich General	A	4.13	- .25	- 5.7	4.75	4.13	6.75	3.25	1,484	1.31	1.50	- 12.7	NE	.00	.0	.....	fiscal	12-85	103.6	- 1.4	(11.4)	- 100.0	(1.01)	- 100.0	439.0	- 2.3	(34.6)	- 100.0	(3.06)	- 100.0
Natl Hardgoods	M	6.75	- .63	- 8.5	7.63	6.75	9.00	5.50	107	.87	.50	74.0	11.8	.00	.0	.....	9 mos.	10-85	7.5	1.4	.1	.0	.09	NC	24.5	7.9	.4	.0	.32	- 8.6
Natl Lumber	M	4.75	.00	.0	4.75	4.50	7.25	4.00	375	.67	.64	4.7	23.8	.00	.0	.....	9 mos.	10-85	33.7	.9	.1	- 66.7	.02	- 60.0	101.6	6.8	.8	- 20.0	.14	- 22.2
Pay N Pak	N	16.13	1.13	7.5	16.13	14.63	16.13	11.63	2,445	2.44	1.62	50.6	19.7	.64	4.0	.....	fiscal	02-86	74.6	21.3	1.3	8.3	.13	8.3	333.8	9.4	8.2	- 18.8	.82	- 18.8
Payless Cash	N	26.13	3.13	13.6	26.25	22.00	26.25	13.50	22,372	6.46	3.27	97.6	22.9	.16	.6	.....	3 mos.	02-86	274.5	7.7	2.4	50.0	.07	40.0	274.5	7.7	2.4	50.0	.07	40.0
Scotty's Inc	N	17.00	1.25	7.9	17.13	15.50	17.63	12.38	2,956	2.05	1.03	99.0	16.0	.52	3.1	NEW	9 mos.	03-86	128.4	5.5	4.1	- 18.0	.28	- 26.3	359.3	7.9	9.7	- 19.2	.67	- 25.6
Sears, Roebuck	N	48.00	1.50	3.2	48.75	44.63	50.38	31.75	76,831	2.11	1.21	74.4	13.6	1.76	3.7	.....	fiscal	12-85	12068.2	5.2	552.3	- 1.9	1.50	- 2.6	40715.3	3.9	1303.3	- 10.4	3.53	- 12.0
Svc Merchandise	M	14.88	.88	6.3	15.13	14.13	16.13	11.25	18,053	5.42	3.81	42.3	46.5	.08	.5	.....	fiscal	12-85	1105.5	51.4	29.1	- 17.1	.87	- 23.7	2526.5	52.5	10.7	- 76.0	.32	- 78.1
Std Brd Pnt	N	23.25	1.13	5.1	23.63	21.00	24.75	18.75	3,406	3.01	1.56	92.9	16.6	.56	2.4	.....	fiscal	01-86	71.6	1.3	1.6	- 64.4	.14	- 65.0	338.0	7.3	15.8	- 24.0	1.40	- 25.1
Supermkts Gen	N	56.00	.00	.0	56.63	53.75	59.38	38.38	5,762	3.21	1.17	174.4	15.7	.48	.9	.....	fiscal	01-86	1356.3	1.5	21.6	- 2.3	1.21	- 3.2	5122.6	17.9	63.7	21.6	3.56	20.7
Wickes Cos	A	6.25	.75	13.6	7.00	5.38	7.00	3.44	228,234	23.22	7.30	218.1	NA	.00	.0	NEW		01-86	NC	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Wolohan Lumber	M	8.75	.13	1.4	8.75	8.25	9.00	5.25	1,395	2.38	1.86	28.0	14.6	.16	1.8	.....	fiscal	12-85	37.4	3.3	1.3	62.5	.22	57.1	150.7	8.3	3.5	34.6	.60	33.3
Zayre Corp	N	77.25	5.63	7.9	78.50	71.25	78.50	43.69	7,624	2.60	1.70	52.9	23.9	.64	.8	.....	fiscal	01-86	1499.0	47.1	37.9	9.2	1.14	- 11.6	4036.0	29.2	94.6	17.8	3.23	8.0
Wholesalers																														
Lewis Palmer	M	9.38	.25	2.7	9.50	9.00	9.88	6.38	880	2.25	1.97	14.2	40.8	.28b	3.0	.....	fiscal	01-86	30.6	- .3	.1	NE	.01	NE	141.0	- 2.4	.9	- 18.2	.23	- 23.3
Manufacturers																														
Allegheny Int	N	23.00	.50	2.2	23.38	20.88	28.75	16.50	2,792	2.60	3.33	- 21.9	NE	.00	.0	.....	fiscal	12-85	537.5	- 7.4	(52.8)	NE	(5.61)	NE	2056.7	- 2.8	(109.1)	- 100.0	(13.08)	NE
Am Standard	N	42.88	.13	.3	45.38	41.50	46.88	26.75	8,239	2.10	1.51	39.1	13.8	1.60	3.7	NEW	fiscal	12-85	774.3	- 10.2	36.3	17.9	.92	17.9	2912.4	- 9.4	122.1	6.3	3.10	1.0
Armstrng Wrld	N	63.38	7.38	13.2	63.50	54.75	63.50	31.88	10,927	4.56	2.08	119.2	15.1	1.30	2.1	.....	fiscal	12-85	426.0	11.4	22.6	20.2	.94	19.0	1679.2	7.0	100.9	9.4	4.20	10.8
Black & Decker	N	22.50	2.38	11.8	22.63	18.63	23.88	17.25	56,889	11.20	3.75	198.7	29.6	.64	2.8	.....	3 mos.	12-85	521.7	3.7	20.9	- 27.9	.41	- 28.1	521.7	3.7	20.9	- 27.9	.41	- 28.1
Boise Cascade	N	57.00	2.50	4.6	58.63	54.38	59.88	38.25	9,830	3.63	2.52	44.0	16.5	1.90	3.3	.....	fiscal	12-85	892.7	- 1.6	19.0	NE	.61	NE	3737.2	- 2.1	104.3	49.9	3.45	54.7
Certain-teed	N	36.38	3.00	9.0	37.13	31.38	37.13	22.25	6,389	3.37	1.53	120.3	12.6	.90	2.5	NEW	3 mos.	03-86	255.0	.8	10.5	28.0	.56	36.6	255.0	.8	10.5	28.0	.56	36.6
Champ Intl	N	26.88	.63	2.4	28.50	25.25	29.75	20.25	31,414	3.38	2.07	63.3	16.9	.52	1.9	.....	fiscal	12-85	1194.7	- 29.3	38.1	NE	.37	NE	5769.8	12.7	163.1	NE	1.59	NE
Clopay Corp	A	19.00	1.00	5.6	19.50	17.75	22.00	11.25	297	1.92	.86	123.3	NE	.16	.8	.....	fiscal	12-85	35.5	- 2.5	(.2)	- 100.0	(.14)	- 100.0	139.2	3.9	(1.9)	- 100.0	(1.24)	- 100.0
DeSoto Inc	N	39.88	- .13	- .3	41.00	39.00	41.00	31.50	710	1.49	.55	170.9	12.0	1.40	3.5	NEW	3 mos.	03-86	96.8	4.1	2.4	200.0	.51	200.0	96.8	4.1	2.4	200.0	.51	200.0
Emhart Corp	N	39.00	- 1.13	- 2.8	39.88	37.25	42.63	26.25	5,796	2.09	.91	129.7	13.4	1.40	3.6	.....	fiscal	12-85	484.4	8.1	23.6	- 7.8	.87	26.1	1775.0	- 1.1	80.0	- 11.5	2.90	- 11.3
Georgia-Pacific	N	32.63	2.38	7.9	33.75	30.13	33.75	20.50	35,180	3.41	2.03	68.0	21.2	.80	2.5	.....	fiscal	12-85	1590.0	- 10.0	3.0	NE	(.02)	NE	6716.0	.5	177.0	NE	1.54	58.8
Insilco Corp	N	22.88	.63	2.8	23.75	21.75	24.50	16.63	3,722	1.89	1.30	45.4	16.7	1.00b	4.4	.....	fiscal	12-85	174.7	- 3.4	3.6	- 50.7	.17	- 57.5	811.8	3.2	26.1	- 20.9	1.37	- 24.7
La Pacific	N	27.88	.75	2.8	29.75	26.75	30.13	17.13	9,800	2.68	1.60	67.5	38.7	.80b	2.9	.....	fiscal	12-85	312.6	10.2	6.8	- 67.6	.19	- 69.4	1260.9	2.5	25.5	- 39.6	.70	- 41.2
MacMillin Bldel	N	23.75	3.13	15.2	23.75	20.25	23.75	12.47	499	.16	.09	77.8	44.0	.00a	.0	.....	fiscal	12-85	601.7	4.0	20.4	- 15.0	.44	- 21.4	2335.4	9.8	42.9	122.3	.54	NE
Manville Cp	N	7.13	- .63	- 8.1	8.13	7.00	8.88	5.13	12,059	5.02	3.91	28.4	NE	.00	.0	.....	fiscal	12-85	536.4	17.5	20.9	14.8	.61	22.0	1941.8	7.0	(45.1)	- 100.0	(2.92)	- 100.0
Masco Corp	N	58.63	3.88	7.1	59.00	52.00	60.50	28.50	10,405	1.62	1.15	40.9	22.9	.64	1.1	.....	fiscal	12-85	704.9	228.3	141.3	551.2	1.42	330.3	1154.0	13.2	164.5	41.9	2.56	28.0
Mor-Flo Inds	M	17.63	- .88	- 4.7	18.13	17.63	19.75	14.50	151	.60	.77	- 22.1	10.7	.01	.1	.....	fiscal	12-85	53.2	.0	.5	- 72.2	.20	- 70.1	206.2	2.9	4.2	- 36.4	1.65	- 36.3
Natl Gypsum	N	68.50	19.13	38.7	68.50	49.25	68.50	25.09	112,780	49.39	7.41	566.5	13.6	1.52	2.2	.....	fiscal	12-85	62.6	- 85.4	19.5	- 22.6	.86	- 20.4	1340.0	- 22.0	116.1	8.7	5.02	9.6
Newell Co	N	31.13	1.13	3.8	31.63	28.75	31.63	15.13	2,442	2.83	1.99	42.2	14.9	.70	2.2	.....	fiscal	12-85	96.6	7.6	5.5	31.0	.61	32.6	350.0	13.5	18.9	33.1	2.09	29.0
Owens Corning	N	54.25	3.25	6.4	55.75	49.50	56.75	30.75	17,457	5.86	2.87	104.2	12.8	1.40	2.6	NEW	3 mos.	03-86	866.1	27.7	22.9	- 18.2	.77	- 18.9	866.1	27.7	22.9	- 18.2	.77	- 18.9
Ply-Gem	A	14.50	1.00	7.4	14.75	13.50	15.50	8.84	4,135	5.63	2.52	123.4	22.0	.12	.8	.....	fiscal	12-85	43.5	15.7	1.1	- 15.4	.15	- 31.8	166.5	3.5	4.2	- 6.7	.66	- 18.5
Pope & Talbot	N	21.00	.50	2.4	22.50	20.00	24.75	16.75	1,508	2.52	1.28	96.9	18.9	.80	3.8	.....	fiscal	12-85	74.9	- 5.1	.6	NE	.10	NE	325.2	1.6	6.7	NE	1.11	NE
Potlatch Cp	N	46.50	4.63	11.0	47.50	41.25	47.50	32.25	4,133	3.18	.96	231.3	18.8	1.56	3.4	NEW	3 mos.	03-86	233.3	- .6	13.6	18.3	.95	41.8	233.3	- .6	13.6	18.3	.95	41.8
Sherwin-Wms	N	30.75	2.38	8.4	32.25	28.38	32.25	16.63	8,477	1.84	.99	85.9	18.8	.50	1.6	NEW	3 mos.	03-86	502.7	2.2	6.9	21.1	.15	15.4	502.7	2.2	6.9	21.1	.15	15.4
SW Forest Ind	N	13.88	- .63	- 4.3	15.00	13.75	15.88	9.88	1,544	1.66	2.02	- 17.8	NE	.00	.0	.....	fiscal	12-85	169.2	- 10.9	(5.0)	- 100.0	(.42)	NE	700.1	- 9.9	(12.3)	- 100.0	(1.67)	- 100.0
Stanley Works	N	45.00	1.25	2.9	45.00	41.63	46.25	26.50	5,455	1.90	1.17	62.4	15.8	1.04	2.3	.....	fiscal	12-85	322.4	5.4	25.7	14.7	.93	14.8	1208.3	4.3	78.3	8.1	2.85	9.6
Thos Inds	N	23.25	- .63	- 2.6	23.88	22.63	26.75	14.41	657	.73	.52	40.4	12.8	.68b	2.9	.....	fiscal	12-85	77.6	.6	4.2	7.7	.46	2.2	309.5	6.1	16.2	1.9	1.81	1.7
Triangle Pac	N	53.25	.00	.0	0.00	23.97	53.38	26.00	0	.00	2.76	-100.0	13.0	1.00	1.9	NEW	3 mos.	03-86	62.4	.5	3.4	30.8	.90	45.2	62.4	.5	3.4	30.8	.90	45.2
USG Corp	N	74.00	6.25	9.2	74.75	66.25	74.75	30.75	8,297	2.49	1.65	50.9	11.0	1.92	2.6	.....	fiscal	12-85	635.2	4.0	53.9	30.5	1.63	31.5	2526.5	9.0	223.8	19.9	6.71	19.0
Walter, Jim	N	47.63	6.63	16.2	47.88	40.41	48.00	24.81	10,953	4.14	2.50	65.6	12.0	1.40	2.9	.....	6 mos.	02-86	517.0	- 1.8	18.3	22.0	.26	- 52.7	1079.1	- .5	50.0	18.8	1.42	- 7.8
Waxman Ind	M	16.50	.50	3.1	16.50	16.00	16.88	9.63	952	3.03	1.79	69.3	30.6	.08	.5	.....	6 mos.	12-85	23.3	14.2	.5	.0	.17	- 43.3	44.8	9.5	1.1	- 8.3	.35	- 50.0
Weyerhaeuser	N	38.00	2.00	5.6	40.25	35.25	40.25	24.75	33,529	2.58	1.45	77.9	28.8	1.30	3.4	.....	fiscal	12-85	1238.0	- 12.1	63.6	132.1	.43	168.8	5205.6	- 6.2	200.1	- 11.5	1.32	- 13.2

All data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column
P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

Evans nixes compromise reorganization plan

(Continued from page 1)
bankruptcy postulated that Posner, who controls 43% of Evans' common stock, is simply holding out for a better deal for his personal interests.

And past claims that Posner is representing the interests of all of Evans' shareholders were undercut when the non-insider equity committee—basically shareholders other than Posner— filed suit against Evans on April 24, petitioning the Bankruptcy Court to compel Evans' board to accept the compromise plan, or appoint an outside trustee. In the second week of April, this committee, which controls all of Evans' preferred stock, and the common shares not held by Posner interests, voted to accept the compromise.

Thrust and parry

Several weeks earlier, a tentative agreement had been reached by the lenders and the company that called for repayment of around $500 million of the more than $700 million in debt Evans owes to trade, bank and equity creditors through the issuance of new debentures, zero coupon notes and common stock in the reorganized company, reflecting the plan originally proposed by Evans' bank lenders (*NHCN*, March 24).

That agreement hit a snag last month when the banks decided they didn't want to distribute the stock of Evans Transportation Co. (ETC) to remunerate the company's existing holders of equity.

More stock to be issued

To resolve this dilemma, the compromise called for the stock of ETC being retained in an Asset Holding Co. set up by the banks to dispose of or liquidate all of Evans' nonretail holdings.

To compensate the shareholders, the compromise plan would increase the distribution of common stock in the newly-organized Evans Products Co. to 20 million shares from the original 10 million shares, of which the current stockholders, including Posner, get 2 million shares.

Through warrants, shareholders can buy another 3,529,400 shares of stock, which could give them 25% of total shares. The stock is estimated to be worth $18 million by Drexel Burnham Lambert, Evans' banker. The warrant price will be 125% of the average trading price 151 to 180 days after the effective distribution date. The warrant price was 133% of the average before the compromise.

Two plans may go out for vote

When asked what was next if no compromise can be reached, Richard Grey, an attorney for the lenders from the San Francisco law firm Pillsbury, Madison & Sutro said "that's an excellent question."

He suggested that if the banks couldn't get the support of the company for the compromise, they would submit their original reorganization plan—which offered no remuneration to any equity holders—to the various creditors committees for a vote.

At which point, it is likely the company would also submit its plan, which could lead to a prolonged free-for-all.

"It seems to me we're right back to square one again," said another Evans executive.

However, the banks have as their Ace in the hole the endorsement of their plan by the the trade creditors committee, which could play a pivotal role in which plan is ultimately accepted by the court.

Remodelers optimistic on outlook for 1986

(Continued from page 1)
year will produce a lot of business contributed to the success of the show, the largest ever for the trade group, its organizers announced.

An estimated 10,000 remodelers toured the 147,000 sq. ft. of exhibition space that housed 467 exhibitors, an increase of 14% over last year, said Jacelyn Ayres, NARI's director of communications.

In addition, 24 educational seminars on such topics as image building, developing leads, estimating and bill collecting, were held to standing-room-only crowds.

Remodelers tallied $52.1 billion in sales last year, according to NARI. The industry is expected to post sales of $58.4 million this year and by 1990 professional remodeling is expected to become an $82 billion industry. Over the next 15 to 20 years, Ayres said professional remodeling is projected to swell to $200 billion.

Tom Mistele, owner of Aztec Builders in Madison, Wis., said he feels 1986 will be a great year for him because he did as much business in the first six months of 1986 as he did all of last year. "If things get going, I could almost double my business this year," he said. Mistele said his receipts for 1985 were $200,000.

Ron Shiefen, owner of Schiefen Construction of Rochester, N.Y., said he will double his sales this year, to $500,000. "Things look good," he said, noting that low interest rates have spawned renewed interest in remodeling and new construction in Rochester, N.Y.

NARI is a non-profit organization of 3,500 members with 55 chapters nationwide. According to information released during the show, 25%, or 10,326 firms, tally sales of $1 million or more a year. Another 22.5% or 9,333, report sales between $100,000 and $249,000 annually.

NARI officials reported that window and door projects, which totaled more than $9.5 billion last year, were the top volume-producing projects for remodelers in 1985. Storm windows, with 23 million units sold last year, was the lead project in terms of units sold and installed. Window replacements, at 21.3 million units, was second.

Bathrooms were named by 74.3% of the remodelers as the leading project they sell and install, with jobs numbering 32,615. Kitchens were second with 74.2% of the remodelers listing the project and 32,572 projects either sold and/or installed.

NARI officials announced the creation of Remodelcare, a program designed to identify professional remodelers and help consumers solve any problems with work done by participating members. Launched last February, Remodelcare was developed with the help of the Council of Better Business Bureaus.

Steve Foster, NARI manager of field services, explained that under the program, participating remodelers agree to binding arbitration, when needed, which is handled locally by the Better Business Bureau.

NARI also is stepping up its efforts with its 3-year-old Certification Program, an association licensing procedure for remodelers. The program is being reviewed and enhanced and will eventually include a testing program.

Currently remodelers can gain their "Certified Remodeler" or C.R. designation after 10 years of working experience, said Jerry Bieder, who heads that program and is co-owner of Jarro Building Industries of East Meadow, N.Y.

During the week of the convention, NARI members voted in their 1986 board of directors. Bob Rasmussen, of Rasmussen Siding and Roofing Co., Grand Rapids, Mich., was re-elected president.

Pergament paves way for larger units

(Continued from page 1)
in late May. In addition, two warehouse units will open in New Jersey and two in New York on Long Island.

One of these units, to be built in Patchogue, N.Y., will share the 100-acre site with Marshalls, Service Merchandise and other retailers. Similarly, the newly opened Riverhead store shares its 12-acre retail site with other tenants including Waldbaums, the supermarket chain, and is built on land owned by a Pergament subsidiary.

Meanwhile, the Riverhead store offered a taste of things to come, depicting the latest merchandising ideas—not necessarily new for the industry but new to Pergament.

- Ceiling panels with recessed and track lighting were displayed over the first drive-aisle.
- The power tool department, housed in a free-standing booth at the front of the store, solved the security problem and doubled as a service center.
- The upgraded floorcovering department presented the first unified display of tiles, carpeting and flooring, which the small size of earlier Pergament stores had prevented.
- The newly expanded furniture department included beds and had complete room settings on display
- New blue and white signage, blue warehouse racking and grey pegboards replaced earlier orange and beige signage and combined to give a brighter, lighter effect.

The variation of aisle size within the store gave an illusion of greater space and sharper differentiation between departments. The seasonal department used flats placed in the wider aisles to anchor the displays of patio furniture. The 7-ft. wide aisles of warehouse racking ended abruptly at the wallcovering department, to provide space for customers to sit at tables and browse through sample books with an adjacent service desk to provide immediate help.

Live radio coverage by local radio station WALK added to the festive air of the grand opening as children sported balloons and lollipops handed out by a clown. Red banners announcing 40% to 60% off manufacturers' prices hung in the aisles, while shoppers filled in entry blanks for a chance to win one of the ten trips to Bermuda.

This grand opening was not just an upbeat occasion for the Pergament company but also an emotional one. Immediately following the opening log-sawing ceremony, the Pergament family held a luncheon for 40 employees at a Holiday Inn five miles away, marking a return to a tradition that had been suspended for the past five years.

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K&B buyers search for fashion items

(Continued from page 2)
"I'm seeing more of the rebirth of art deco styling," he said. "It doesn't seem to be just a passing fad."

Don Senne, general merchandise manager for Stambaugh-Thompson, Youngstown, was touring the show with buyer Lois Rainey to review new products in conjunction with his own chain's expansion of its kitchen departments.

Bypassing a phenomenally long lunch line to grab a Dove (ice cream) Bar at a fast food counter, Senne noted that the crowds of other buyers made it difficult to see all of the new merchandise.

Top 10 post 11% sales gain in 1985

(Continued from page 1)
than those of 1984.

- For two of the top 10 chains—84 Lumber and Evans Products — revenues declined last year.
- Among the biggest companies, the most dramatic rise was accomplished by The Home Depot, which pushed up three positions to the number 6 slot, thanks to a 62% increase in sales.
- Revenues from the top 100 companies came to $19.3 billion last year, 11% above the level of 1984. The previous year, revenues for that group of retailers increased by 18%.
- Among the top 25 chains, the most dramatic rank changes were accomplished by the warehouse operators. Both HomeClub and Mr. HOW Warehouse entered the top 25 rank for the first time, their $250 million in revenues tying them for 19th place.
- Builders Square, clocking $365 million in revenues that represented a 92% rise from the previous year, jumped from 21st to 12th place.